Saturday Night

Canada's Magazine of Business and Contemporary Affairs

MARCH 29TH 1958 20 CENTS

What Do We Need Most In Canadian Schools: Money Or Brains?

By EUGENE FORSEY

A Long-Term Payoff In Labrador Power

BY ROBERT JAMIESON

Spoon-Fed Patriotism Won't Work In Canada

BY HUGH GARNER

New Market Technique For Skilful Traders

BY R. M. BAIDEN

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Boss Banker Rules Roost: Governor J. E. Coyne: Page 14

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March 29, 1958

Saturday Night

VOL. 73, NO. 7 ESTABLISHED 1887 WHOLE NO. 3310

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Subscription Prices: Canada $4.00 one year; $6.00 two years; $8.00 three years; $10.00 four years. Commonwealth countries and U.S.A. $5.00 per year; all others $6.00. Newsstand and single issues 20¢. Authorized as second class mail, Post Office Department, Ottawa, Published and printed by Consolidated Press Limited, 1517 Mountain St., Montreal, Canada. Editorial and Advertising Offices, 73 Richmond St. W., Toronto 1, Canada.

Chairman of the Board, Nelson A. Hyland; President and Publisher Jack Kent Cooke; Vice-Presidents, Hal E. Cooke, Neil M. Watt, E. R. Milling; General Manager, Gordon Rumgay; Assistant Comptroller, George Colvin; Secretary, William Zimmerman, Q.C.; Circulation Manager, Arthur Phillips.

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PICTURE CREDITS: Cover, Ashley & Crippen; Page 1, Capital Press, Ashley & Crippen; Page 4, "Fednews"; Page 7, British Newfoundland Corp. Ltd.; Pages 8, 9, Donald McKague, Maurice Seymour, Ashley & Crippen, Ken Bell, Liberty Magazine; Pages 10, 11, Geoffrey Frazer, Toronto Star; Pages 12, 13, Capital Press, Toronto Star, Canada Pictures Ltd.; Pages 14, 15, Ashley & Crippen, Toronto Star; Pages 16, 17, French Government Tourist Office; Page 18, Toronto Stock Exchange, J. A. Kennedy Co. Ltd.; Page 20, Columbia Pictures, 20th Century-Fox; Page 24, Oxford University Press; Page 25, Burns & MacEachern; Page 29, Ashley & Crippen.

Eugene Forsey

Eugene Forsey, educational director of the Canadian Congress of Labor and a widely known student of contemporary affairs, sees two crises in our educational system: a financial one and a moral or intellectual one. Dr. Forsey, who took a prominent part in the recent Canadian Conference on Education, writes in his article on Page 10 that many Canadian students are being fed "mental baby food."

Hugh Garner

Hugh Garner, novelist, short-story writer and television playwright, has examined the efforts of "professional patriots" to whip up nationalist sentiment in Canada and decides, in his article on Page 8, that the effort so far has been a failure and, he adds, "deserves to be". "Patriotism," he says, "can't be pushed down our throats like Pablum."

Robert Jamieson

Some of the bluest bloods in international finance are involved in Premier Smallwood's plan for the development of Newfoundland's natural resources. Brinco (British Newfoundland Corporation) formed by the Rothchilds, has spent about $7 million in Newfoundland and Labrador since its agreement with Smallwood was ratified five years ago. In an article on Page 7 Robert Jamieson, Montreal *Gazette* financial writer, says it is a deal Mr. Smallwood "was darned lucky to get."

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Letters

Female Form

Neither the adjective "sweet" nor the adjective "old-fashioned" can truthfully be applied to a woman who permits a photographer to take such a pose as that of Joyce Sullivan appearing on the cover of SATURDAY NIGHT.

Why it should be necessary for a magazine of your stature to join the ranks of the tabloids and the paper-backed books in the over-exposure of the female form (despite the editorial on "Over-Exposure" in the same issue) is beyond the comprehension of adult mature minds.

It raises the question: what type of audience does this magazine strive for? Certainly the policy cannot be aimed at enlightening an already well-informed public on the measurements and construction of the female form. Women make up more than half of the world's total population, and most of them I believe come complete with all the necessary appurtenances . . .

LACHINE (MRS.) M. MACDUFF

Editor's Note: SATURDAY NIGHT — *like its mature adult readers — is neither puritanical, exhibitionistic nor cold blooded; finds Miss Sullivan — like sex — sweet and old-fashioned.*

Full Up?

Re your communication from the editor of *The Sault Daily Star*, I've been wondering what the inn-keeper in the parable should have done about that man who went down from Jerusalem to Jericho.

Obviously the guest sponsored by the good Samaritan was a bad risk, "without luggage and improperly dressed". He couldn't, in the words of your correspondent, be expected to "blend well with the other guests or add to the pleasure of the holidays". Under the circumstances, wouldn't the inn-keeper have been justified in telling the Good Samaritan that he was sorry but he was full up?

WINDSOR JAMES O'NEILL

History Lesson

Congratulations on your editorial, "The Big Whitewash".

A recent television program, *The Nuremberg Trials* included shots of the toys, gold fillings and human hair thriftily salvaged from Jewish victims before they were consigned to the Nazi ovens. If these records do nothing else they may help to remind us that the only thing the human race has to fear is the human race itself.

TORONTO MALACHI GORDON

Deep Breath

"For my money the best evidence is still that of a police sergeant of thirty years' experience who has examined thousands of drunks in his time," Magistrate C. A. Thoburn is quoted as saying in "Can a Machine Prove You Drunk?"

Personally, I'd rather have a breathalyzer breathing down my throat than a police sergeant breathing down my neck. The sergeant is bound to have an angle. The Breathalyzer just doesn't give a damn.

REGINA OLE BRANSEN

Market Index

Your financial editor would do well to study the relationship between skirt lengths and the stock market. He will discover that skirts go down with a falling market and contract with an expanding one.

Thus skirt lengths were never so high as during the middle twenties. They took a drop with the stock-market break when everything, including the stock brokers, was plunging downward. Since then they have wobbled, with cyclical inclinations to dip. Investors had better take warning from 1929 and not hold out too long against a rising hemline.

MONTREAL JOSEPHINE DENIS

France and Algeria

I wish to take strong exception to your short, and consequently irresponsible, editorial on the Sakiet-Sidi-Youssef incident . . .

No nation in the world has been so selflessly benevolent to its colonies as France has. She has practically ruined herself providing social benefits to the near-barbarians in her empire. Among these are family allowances, health services, education, low rent housing etc. . . .

Concerning your self-righteous accusation of brutality, I want to point out a few facts you may have forgotten. The most important is the completely unrealistic and dangerous advocation of independence for Algeria, simply because Algeria has no responsible class of possible leaders. The heads of the liberation movements—there are two, at war with each other! — are all young hot-heads, the oldest being in their

young thirties. To hand government of Algeria over to them would be equivalent to handing it to the communists on a silver platter, and don't they know it.

To prevent this catastrophic situation, France is trying to hold on to this land of illiterates and barbarians in order to have the time to form a group of responsible leaders, something that is not done overnight. But groups of bandits led by young political hot-heads are looting and murdering (mostly their own people it might be added) under cover of a fight for independence. Only our mistaken self-righteousness inherited from that master of international political blunder, F. D. Roosevelt, prevents us from seeing this all too obvious truth . . .

Finally, and most important of all, we must begin to understand France and appreciate her more for all she has done for us because she is rapidly becoming sick of our continuous abuse of her and might decide to strike out on her own, (e.g. get out of NATO) something she is more than able to do. It might be superfluous to mention that NATO would disintegrate and the dream of European union will fade into oblivion . . .

OTTAWA J. MICHEL CARON

Japanese Trade

Your March first article on Japanese trade is invaluable as a clear and simple example of the narrow and selfish thinking so typical of most advocates of protectionist policies.

To agitate for reduced imports from a country to which we regularly sell about twice as much as we buy (from your own figures) is obviously wrong. If we must cut down on these imports we must first reduce our exports to Japan, with the inevitable results of depriving Canadian exporters of a market, depriving Canadian consumers of cheap goods, and, worst of all, isolating ourselves from a civilized and industrious neighbour.

NORANDA R. W. SPENCE

. . . It seems a little short-sighted to condemn a nation such as Japan, who, if they are to survive, must export manufactured products for something that is vital to their very existence (our surplus wheat).

Geographically and technically, Japan's most potential market would be the Asian countries who are undergoing a great political and material change. Japan, with her advanced technical knowledge and manufacturing facilities could, I imagine, quite easily start up trade with these countries for products that could be more dangerous than T shirts.

Personally I think it should be the Japanese that should be complaining, not the Canadians . . .

EDMONTON J. R. YOUNG

Who will look after Erika... where will she go?

This is Erika aged 4. She lives with her aged, broken grandmother. They have known only loneliness and despair. Her parents, driven from their native Estonia, met in a forced labor camp in Germany. Here Erika was born. Broken in health and spirit, her parents died in anguish for the safety of their beloved child. With little more hope than at the beginning, and in spite of utter misery, Erika and her grandmother fled into the Western Zone, driven by a fierce longing for home and roots. Home has been a DP barracks, cold, bare and damp. To them all is lost. There is no chance to emigrate. How long can her sick grandmother look after Erika . . . where will she go?

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Ottawa Letter

by John A. Stevenson

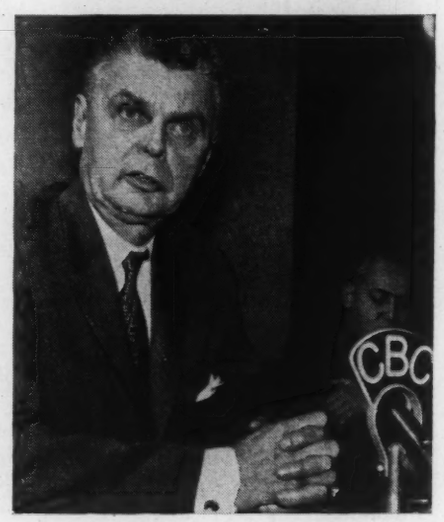
Votes vs. Principles

AN END OF A POLITICAL campaign in wintry weather, which has become wearisome to a multitude of voters is now in sight and it has not brought much credit to some of the chief performers on the political stage. Most of our politicians have thrown the discussion of political and economic principles out of the window and are obsessed with the notion that the favor of the voters was to be most effectively won by an appeal to their material interests. There was a day when the Tory and Liberal parties each had a distinctive political philosophy and sought to give it practical application in programs whose divergence gave the voters a clear alternative choice, when they came to mark their ballots. But this campaign has brought into high relief the virtual identity of the ideologies and programs of the two senior parties and has therefore left a multitude of voters who are not rabid partisans in a sad quandary about their votes.

To most of the traditional principles and traditions of the Tory party Mr. Diefenbaker has only a fitful fidelity and Mr. Pearson has shown a complete indifference to some of the fundamental tenents of Liberalism. Each of these statesmen and their chief lieutenants have made parade of their devotion to the system of free enterprise, but there is considerable justification for the charge made that both of the old parties have been "picking up the CCF's program holus bolus" and incorporating in their platforms policies which they have for years denounced as the wild dreams of impractical Socialists. Under such circumstances appeals for support of a party on the ground of its principles would have sounded hollow and so Mr. Diefenbaker and Mr. Pearson have resorted to an unedifying and demoralising competition for the favor of the voters through lavish promises of expenditures of public money on a variety of projects.

Mr. Diefenbaker after his Ministry's contemptuous treatment of Parliament last session, was debarred from reviving his claim to be the vigilant guardian of parliamentary democracy, which won him many votes last June, and he dare not risk the prestige which he had acquired as the faithful guardian of the interests of the prairie farmers by espousing the protectionist and other policies favored by the Tories of Ontario, the party's chief stronghold. So he has had to resort mainly to purely materialistic appeals and he has found in what he described as "the pulsating fervor" of his audiences evidence of a encouraging response to them.

Mr. Pearson was in a very difficult position with little room for manoeuvre. Under Mr. Diefenbaker the Tory party had been dragged leftward of the Liberals and obviously he could not afford to let the Tories establish a claim to be more progressive than his own party. But, if he had sought and taken the advice of



Mr. Diefenbaker: A fitful fidelity.

the wise elder statesmen, in which his party is fairly rich, they would have counselled him to take the line that, while intelligent schemes should be adopted for relieving the hardships of the growing army of the unemployed, it would be wise to refrain from heavy commitments for fresh expenditures until the economic skies were clearer and there was some assurance that there would not be a serious shrinkage of the Federal revenues. By such a course of action he would undoubtedly have gained the support of leaders in finance and industry and old-fashioned Tories who had become frightened by the reckless abandon of the Prime Minister's pledges and of independent voters who had an image of Mr. Pearson as a statesman who would never be a mere caterer for votes.

Unfortunately Mr. Pearson seems to have listened to the advice of foolish counsellors and has elected to compete with the Prime Minister for the allurement of votes by extravagent promises of fresh expenditures. The worst shock to confidence in his political judgment came from his bid for the support of oil operators in Western Canada by a promise to further their aspirations to secure control of the profitable oil market of Montreal and its vicinity, in which they cannot at present compete with the much cheaper oil of Venezuela and the Middle East. The accomplishment of this objective, which would involve the construction of an expensive pipe line and a tariff against imports of oil, could not fail to raise costs of living and production in the Montreal area and Mr. Pearson admitted that "it does not make good sense economically or financially". So it is not surprising that this sponsorship of a plan, which he admits to be unsound, has incurred for Mr. Pearson the severe castigation of the Montreal *Star*, a newspaper which in recent years has been very friendly to the Liberal party.

Inevitably this and other unwise commitments of Mr. Pearson leave the independent voters, who are nowadays very numerous, baffled and frustrated.

Political prophesy is always a hazardous adventure, but various omens indicate that on March 31 for the first time since 1930 the Progressive-Conservative party will be endowed with a clear majority in the House of Commons. In Nova Scotia it may lose seats like Cape Breton, which "Clarrie" Gillis hopes to win back for the CCF and Antigonish, an old stronghold of Liberalism, but it counts upon compensating gains both in Newfoundland and New Brunswick and expects to hold all the four seats of Prince Edward Island. In Quebec the much keener competition for the nominations as Tory candidates and the increased attendance at the party's meetings raise hopes that it will achieve a substantial increase of its present quota of nine members from this province. Mr. Diefenbaker has been appealing to the voters to secure more influence in the councils of his Government and his party by giving it more supporters at Ottawa and Mr. Pearson has accused him of trying to blackmail Quebec and has been exhorting its people to keep their province as the great fortress of Canadian Liberalism.

The Tory party in Quebec is handicapped by the inadequacies of its three representatives in the Cabinet as campaigners and its chances of gains depend upon the effectiveness of the intervention of the Union Nationale party as its allies. It has been more vigorous than in 1953, but it is still not whole-hearted and Premier Duplessis is officially preserving his habitual attitude of neutrality. The Liberals have secured, through the nomination of Mr. Maurice Lamontagne, the ablest of the

French-Canadian economists, in Mr. St. Laurent's old seat in Quebec City, a very useful recruit. They assert that their second string of campaigners is better than the first string of the Tories and that no serious swing of the French-Canadian voters to the Tory side is discernible.

In Ontario the active co-operation of the Frost Ministry and its well organized provincial machine will help their federal allies to retain most of the 61 seats now held by them. But the Liberals claim that Mr. Pearson has a large personal following in Western Ontario and that, as a son of the manse, he has brought back into their original fold many Protestant Liberals who had left it in 1957 because they had become fearful that Roman Catholic elements were acquiring domination in the councils of the Liberal party. So they predict the recovery of some marginal seats which have a Liberal tradition. The CCF are also hopeful of winning some industrial seats in Ontario through the impact of the depression and the increased activity of the leaders of the trade unions on their side.

In Manitoba the Government which holds seven out of the province's 14 seats can hardly hope to improve its position as the only Liberal seat, St. Boniface, is regarded as impregnable and most of the local CCF members are well entrenched. It may lose the Provencher division to the Liberals. The Tories have better prospects of gains in Saskatchewan, where local pride in the elevation of Mr. Diefenbaker to his present high estate tells in favor of their candidates and they are reasonably confident of capturing from the CCF seats like Regina and Moose Jaw but the widespread confidence reposed in Mr. Coldwell and Premier Douglas may help their party to salvage most of its 11 seats.

In both Alberta and British Columbia the voting strength of the Tory party has in recent years been decimated by the desertions of many voters of Rightist views to the Social Credit party, but public confidence in Social Credit has been badly shattered by the exposures of the frailties of some of its chief paladins in British Columbia. In Alberta the widespread popularity of Premier Manning may prevent the damage to his party in the federal contest from being serious, but there is clear evidence that in British Columbia the Tory party will be the chief beneficiary to a desertion of disillusioned Social Crediters on a large scale and might as a result add four or five to its present quota of seven out of the province's 22 seats. Of the two Liberal members Mr. Sinclair ought to hold his Coast-Capilano seat, but Mr. Byrne may lose East Kootenay to the CCF, who are reasonably sure of holding four of their present seven seats, but admit that the other three are in danger.

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Ottawa Letter

by John A. Stevenson

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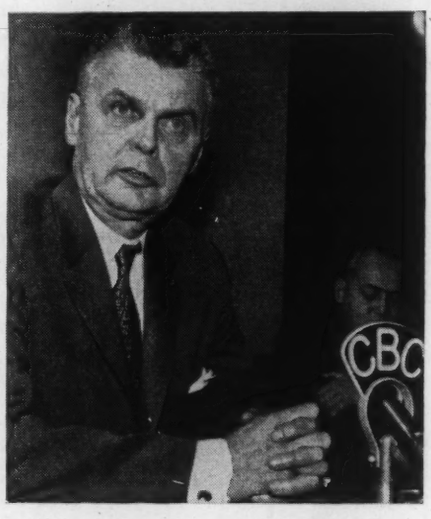

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In Ontario the active co-operation of the Frost Ministry and its well organized provincial machine will help their federal allies to retain most of the 61 seats now held by them. But the Liberals claim that Mr. Pearson has a large personal following in Western Ontario and that, as a son of the manse, he has brought back into their original fold many Protestant Liberals who had left it in 1957 because they had become fearful that Roman Catholic elements were acquiring domination in the councils of the Liberal party. So they predict the recovery of some marginal seats which have a Liberal tradition. The CCF are also hopeful of winning some industrial seats in Ontario through the impact of the depression and the increased activity of the leaders of the trade unions on their side.

In Manitoba the Government which holds seven out of the province's 14 seats can hardly hope to improve its position as the only Liberal seat, St. Boniface, is regarded as impregnable and most of the local CCF members are well entrenched. It may lose the Provencher division to the Liberals. The Tories have better prospects of gains in Saskatchewan, where local pride in the elevation of Mr. Diefenbaker to his present high estate tells in favor of their candidates and they are reasonably confident of capturing from the CCF seats like Regina and Moose Jaw but the widespread confidence reposed in Mr. Coldwell and Premier Douglas may help their party to salvage most of its 11 seats.

In both Alberta and British Columbia the voting strength of the Tory party has in recent years been decimated by the desertions of many voters of Rightist views to the Social Credit party, but public confidence in Social Credit has been badly shattered by the exposures of the frailties of some of its chief paladins in British Columbia. In Alberta the widespread popularity of Premier Manning may prevent the damage to his party in the federal contest from being serious, but there is clear evidence that in British Columbia the Tory party will be the chief beneficiary to a desertion of disillusioned Social Crediters on a large scale and might as a result add four or five to its present quota of seven out of the province's 22 seats. Of the two Liberal members Mr. Sinclair ought to hold his Coast-Capilano seat, but Mr. Byrne may lose East Kootenay to the CCF, who are reasonably sure of holding four of their present seven seats, but admit that the other three are in danger.

Machine and the Man-Age

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The gentleman with the Friden, Mr. H. F. Grundy of Moffats Limited, uses his Friden to plan and carry out market analyses and production planning. Mr. Grundy has to evaluate countless data—and accuracy and dependability are essential. As Mr. Grundy says, "In this one machine I get *all* the qualities I need. My Friden is worth more to me than a whole staff of assistants."

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Discovery . . . to distribution

A report by Canadian Oil Companies, Limited on 1957, the most significant year in company history

In 1957 alone, Canadian Oil almost doubled its crude oil reserves with the discovery of a rich, oil-bearing reef at Innisfail, Alberta. In many ways, this discovery was typical of the progress made by the Company in all phases of its operations during the year. Total sales increased 9%. Net profit rose 6% and total assets of the Company were increased by almost 9½ million dollars. This dramatic progress is echoed by the confidence of Canadians in investing in the Company's future. Today, 93% of Canadian Oil capital stock is owned in Canada by Canadians.

HIGHLIGHTS OF 1957

Producing:
CRUDE OIL PRODUCED (BARRELS) 1,163,000

Refining:
CRUDE OIL PROCESSED (BARRELS) ..... 9,494,000 Up 5%

Marketing:
SALES: HIGHEST IN COMPANY HISTORY:
ALL PRODUCTS (GALLONS) ..... 392,287,000 Up 9%

Profit:
NET PROFIT ..... $4,010,000 Up 6%
NET PROFIT PER COMMON SHARE
1957—2,029,316 SHARES $1.75

Balance Sheet Summary:
WORKING CAPITAL ..... $ 17,114,000
PROPERTY, PLANT AND EQUIPMENT, NET BOOK VALUE .. $ 66,200,000
TOTAL ASSETS $109,600,000
CAPITAL AND EXPLORATORY EXPENDITURES FOR 1957 .. $ 15,200,000

Exploration
CRUDE OIL RESERVES (BARRELS) 33,000,000
EXPLORATORY LEASES AND RIGHTS (NET ACRES) 845,000
PRODUCING WELLS — GROSS 209

PARTICIPATION IN DRILLING WELLS

	OIL	GAS	DRY	TOTAL
EXPLORATORY WELLS	11	2	35	48
DEVELOPMENT WELLS	26	2	10	38
	37	4	45	86

Ownership of Company
NUMBER OF SHAREHOLDERS 13,774
PERCENTAGE SHARES OWNED IN CANADA BY CANADIANS 93%

WHITE ROSE

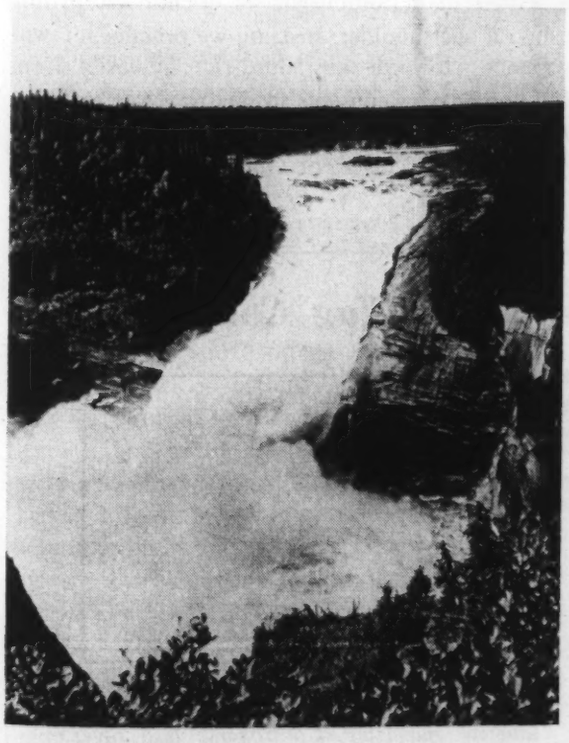
CANADIAN OIL COMPANIES, LIMITED—1908-1958

Saturday Night

Catwalk and 25-ton cableway span Labrador's Hamilton River above site where company plans big power development.

A Long-Term Payoff In Labrador Power

by Robert Jamieson



Hamilton Falls, Labrador, has potential four million horsepower. Further two millions is also available.

JOE SMALLWOOD went to London early in 1952 on one of his fishing trips, looking for some industrialist, big or little, to come and give a boost to Newfoundland's economy. This time he got a big bite.

The merchant banking firm of Nathan M. Rothschild and Sons, in the City of London, agreed to form a company to investigate pretty nearly all the undeveloped areas of Newfoundland and Labrador. This was the beginning of Brinco (British Newfoundland Corporation), and on May 20, 1953, the Newfoundland legislature ratified the agreement between Smallwood and Rothschilds.

Some say this agreement sold out Newfoundland and Labrador to Rothschilds. Well, I've watched this company since before I came here from England in 1956. I've seen most of the documents and I have beside me now a copy of the master agreement. It is my personal opinion that Joe Smallwood was darned lucky to get the deal he did get.

This was, first, a corporation willing to spend $1¼ million in five years on exploration, and another $1¼ million in each of three subsequent periods of five years if they continued to explore. But what was more important than money — in the first five years about $7 million has been spent, incidentally — was the calibre of the backers Rothschilds assembled. There were 29 of them, all blue bloods of the first order, mostly from

CONTINUED ON PAGE 40

Spoon-Fed Patriotism Won't Work in Canada

by Hugh Garner

SINCE WORLD WAR TWO the Canadian citizen has been bombarded with pleas, threats and cajolery by various groups of professional patriots, in an attempt to make him conscious of being that most favored of mortal men: a Canadian. It is a campaign of patriotism by persuasion, an attempt by misguided zealots to transfer love of country from one person to another by means of the written and spoken word. It has been a failure so far, and, I think, deserves to be.

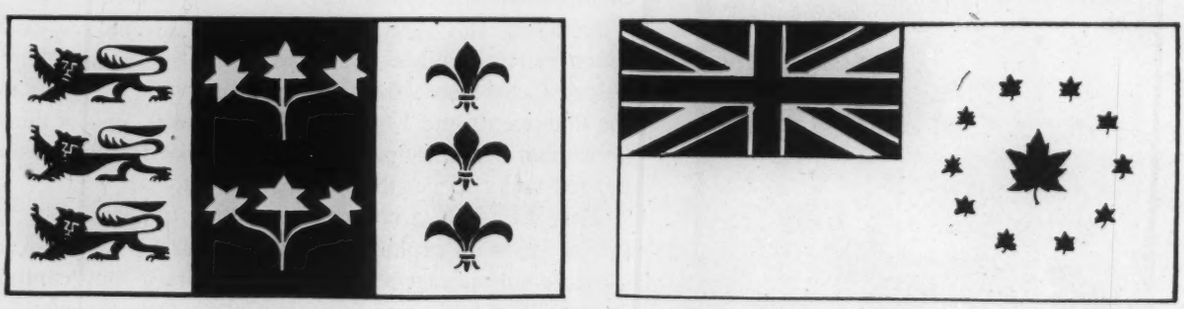
Patriotism, unlike hate and anger, is not a transferable emotion, for the roots of nationalism and patriotism do not spring from rational thought, but from irrational affection. The Canadian who loves his country does so for reasons that are unexplainable, and he could no more tell you why, than he could explain his love for a woman. But *do* Canadians love their country? I don't think many of them do.

Let's face it, we like Canada as a place to live in, and earn our living in, but most of us would give it up in a minute for the offer of a better-paying job somewhere else. Nearly 50,000 emigrants leave Canada for the United States every year, plus dozens of celebrities who go to the British Isles in search of fame and fortune. Our three best-known native-born female singers, Dorothy Collins, Gisele MacKenzie and Shirley Harmer, have moved to the United States, and our two most famous women athletes, Barbara Ann Scott and Marilyn Bell, are now American citizens. Our athletes and entertainers serve their apprenticeship in Canada, then leave for the U.S. or Great Britain when they have made a reputation. A large percentage of Canadian university students are studying for a degree, which they will exploit in the bigger money market to the south of us. Canada has become a stop-over place for thousands of European immigrants, who are only waiting their turn on the U.S. immigration quotas.

We, as Canadians, suffer the biggest inferiority complex in the world. To us, the centre of culture is not Montreal, Vancouver or Toronto, but New York and Hollywood. Unlike the Scot, whose cultural capital is London, rather than Edinburgh, we do not accept this with a chip on our shoulder. Instead, we practice a fawning sycophancy towards any third-rate celebrity from below the border who consents to pay us a fleeting visit, for money.

Professor Arthur Lower, of Queen's University, said

Winning Designs in Recent "Canadian Flag Contest"



Canadians are obsessed with the need for the trappings of patriotism although true patriotic feeling is rare. Above are Canadian flags submitted in a contest conducted by "Liberty" magazine. Controversy also rages around the Canadian national anthem: "O Canada", "The Maple Leaf Forever" or "God Save The Queen"?

Marilyn Bell

Patriotic feelings do not always confine Canadians to Canada when other inducements appear on the horizon. A famous expatriate was R. B. Bennett who lived in England as a lord. Others: Marilyn Bell, Barbara Ann Scott; Dorothy Collins and Gisele MacKenzie.

Barbara Ann Scott

Dorothy Collins

Gisele MacKenzie

Patriotism is an emotional condition that cannot be inspired by any amount of rationalizing propaganda. Canadian nationalism is often a matter of convenience.

in a magazine article in 1956, "Self-depreciation, touchy pride, airs of moral superiority, jealousy, envy, compliance, humility shading into servility, the proper pride of sturdy independence, cheap imitativeness — all these, good or bad, spring from the day by day, year by year, century by century comparisons that Canadians make of their country with the United States."

A few years ago I appeared on a radio panel with a man who was a sixth generation Canadian of English forebears. He spoke of his ancestors with understandable, if vicarious enthusiasm for their attainments. I was surprised at this, and have remembered it, because he was one of the few English-speaking Canadians I have met who had a real sense of Canadian family history. There are only two geographical areas of this country where this feeling of personal involvement with history is widespread: Quebec and the Maritime Provinces. The people of the Maritimes are the only English-speaking ones in the country with a true nationalistic spirit. The majority of the rest of us are paying lip service to a myth.

The French-Canadian is our only true nationalist. Though he is often subjected to it, he does not need the speeches of Laval University professors, the sermons of his bishop, of the rantings of an ex-member of the *Bloc Populaire,* to make him conscious of his Canadian heritage. He doesn't have to try and convince himself as we do; he *knows* he is a Canadian, and is proud of it. Unlike other ethnic groups in Canada, the French-Canadian has no clubs named "The Sons of France", "The Gallic League" or the "Canadian-Normandy Association". He is a *Canadien,* wholly and proudly, and the rest of us are *les Anglais,* immigrants and late-comers all.

If I may insert a personal note into this, I will have to admit that although Canada has been my home for almost forty years, I am still a patriotic Englishman. It would be diplomatic of me to claim that Canada, in which I was raised and educated, takes first place in my heart, but I would be lying. Canada's accomplishments may give me a momentary uplift, but England's accomplishments send patriotic shivers down my spine. That is the difference, I think, between patriotism and passing pride.

I am not ungrateful for what Canada has done for me since I was six years of age, but as I've said before, gratitude is not patriotism. I am not yet past the age of

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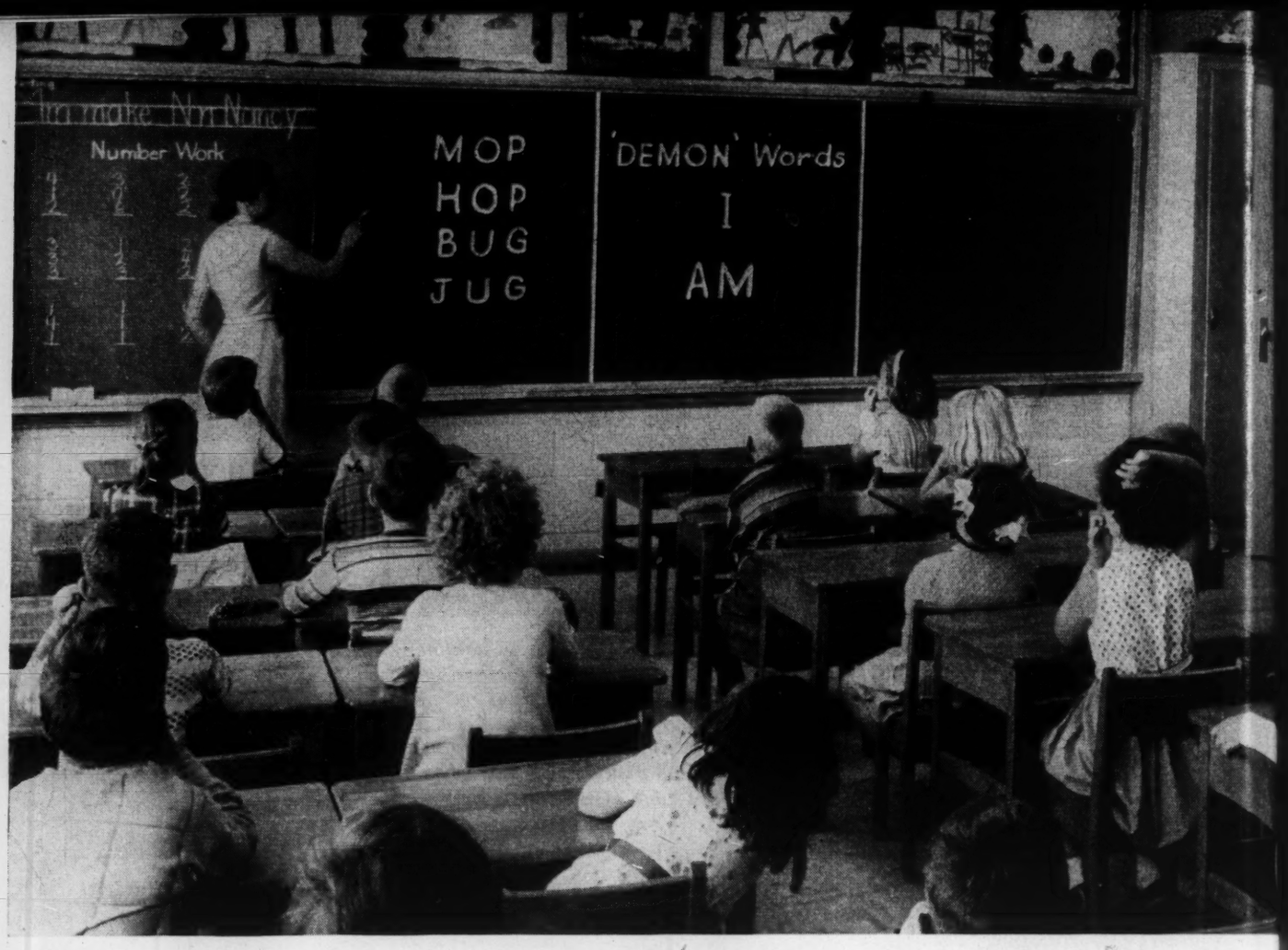

Children of 10 are taught three-letter words like "mop, hop, bug, jug". Particularly difficult words are "I" and "am".

Canadian Schools' Greatest Need— Money or Brains?

by Eugene Forsey

THERE ARE TWO CRISES in Canadian education, both serious. One is quantitative, economic, financial: we are not doing enough, not spending enough. The other is qualitative, moral, intellectual: in many cases we are doing, or trying to do, the wrong thing, and not getting value for the money we are spending. We hear plenty about the first crisis, and the only thing needed to meet it is more money. We hear less about the second. More money will not meet this crisis. Indeed, spending more money trying to do the wrong things will only make matters worse. If we allow ourselves to be persuaded that all we have to do is pay higher taxes and give bigger gifts, we shall be harbouring a dangerous delusion.

This second crisis goes right through our education, from elementary school to university. Our standards are too low. We are turning out too much shoddy work. Ask almost any employer. Ask many teachers. Ask many parents.

We are worried, and rightly, about the children who ought to finish high school, but don't, or ought to go to university, but don't. But we ought to be equally worried about the children who ought not to finish high school, but do, and the children who ought not to go to university, but do. We ought also to be worried about those who ought not to graduate from university, but do.

We are worried, and rightly, because the universities and high schools are short of money and facilities and staff. But we ought to be equally worried because the universities are using part of their scarce resources to do a lot of work the high schools ought to be doing. We ought to be worried that the high schools are wasting

"Our children are being fed mental baby food. They need something they can get their teeth into, something solid to build mental bone and muscle".

part of their scarce resources trying to teach children who ought not to be there at all because they are either too stupid or too lazy.

It won't do to say that these conditions do not exist. The universities, who ought to know, complain incessantly of poorly prepared students, to whom they feel obliged to give "remedial courses" in subjects they ought to have learned at school. The high school teachers, who ought to know, complain — if not incessantly, at any rate often enough — that practically every child now gets into high school by age alone, and gets promoted, year after year, by age alone.

Why? Partly, no doubt, because the classes are too large; partly because the facilities are often not good enough; partly because we are not training enough good teachers. Part of the reason for that is that the universities and schools lack money. But part of the reason also is that we all lack nerve and backbone. The universities lack the nerve and backbone to refuse to take poorly prepared students. The people who run the school system lack the nerve and backbone, or the will to chuck the duds out. The public lack the nerve and backbone to tell the university and school administrators to stop wasting the public's money and get on with their proper job.

Why do we lack nerve and backbone?

First, because we are afraid of being called "undemocratic". Earlier generations, we are told, tried to educate only the select few. We are trying to educate everybody. That means lowering standards. But that is part of the price we pay for our noble experiment in democracy.

Is it?

Eugene Forsey, author, and Maxwell Cohen, SATURDAY NIGHT *contributor on International Affairs, converse at Conference.*

Are we really trying to educate everybody? We are trying to give every child so many years in one kind of building, a public school; then so many more in another and more expensive and elaborate and imposing kind, a high school; perhaps even so many more in an even more expensive and elaborate and imposing group of buildings, a university. But is that the same thing? Are we trying to teach these young people, train their minds and bodies (and, in the process their emotions), or are we in too many cases just trying to keep them off the streets and out of the labour market? Are we trying to

Leading lights at Canadian Conference on Education were former President of University of Toronto Sidney Smith, and Dr. Wilder Penfield, noted Montreal neurosurgeon.

make the schools do the job of employment and welfare agencies, for which they are not fitted, and so hampering them in doing their own, educational, job?

Is there anything "democratic" about forcing a child who has absorbed all the education he can take to stay on, year after year, in a place where he can get nothing and can only prevent other children from getting something? Is it democratic to hold back the other children, and wear down the teachers (and prevent them from doing their job), and waste the taxpayers' money? Have the other children, and the teachers, and the parents, and the taxpayers, no democratic rights?

Every Canadian child is entitled to all the education he can take. He is not entitled to any fixed number of years in a building called a school, at the taxpayers' expense.

A second reason why we lack nerve and backbone is that we are afraid of the educational "experts": the administrators, the professors of education, the bigwigs of the educational world. These people sometimes talk and

CONTINUED ON PAGE 41

Mr. Diefenbaker is proud of his experience on UN delegations and claims to have first proposed the idea of UN police force.

National P
and Foreign A

by Maxwell

ELECTIONS PROVIDE opportunities for competitive reappraisals and the issues that emerge often reveal new demands in national life now merging with the old to form the great stream of current controversy. Yet in that process of definition we too often tend to divorce the national from the international, to think of foreign policy as another and different area of debate. Nothing should be more effective, however, in disposing of this misconception than the healthy give-and-take of a campaign where every issue is put to the brute test of vote-attraction and vote-repulsion and where the inevitable unity of domestic and foreign policy is rediscovered for all to understand.

Think of the issues that have evolved during the past weeks of harangues on the hustings and consider not without surprise how many of these are linked with problems and peoples at a distance from us far beyond our own frontiers. Mr. Pearson has emphasized his own role as our most experienced internationalist, personally and professionally equipped as no Canadian in our generation may have been for the tasks of diplomacy, for sharing in the creation of formulas and in the fashioning of congenial climates and for the "brokerage" between cleaving states and positions that marks the leader of a small country at his international best. Not without practical wisdom the Liberals, therefore, have emphasized Mr. Pearson's personal claim to assuring a Canadian place in the decision-making processes that now may lead us to the summit and away from the ab[illegible]

Mr. Diefenbaker is not insensitive to the potential power of these Pearsonian claims. He has been quick to inform the public that he pioneered the Canadian proposals for a United Nations police force many months before Mr. Pearson made his historic presentation in November, 1956, to the United Nations General Assembly. The Prime Minister is proud of his own experience on United Nations' delegations and of his awareness of the meaning of the cold collision between East and West. Witness his interest in that part of the NATO communique last December, after the heads of states meeting, which alluded to the sympathy with which member states viewed the search for freedom by the chained peoples in Europe under Soviet control. He is, perhaps, the most multi-racially conscious political leader we have had in modern Canada and his boast to the young Conservatives in Ottawa, recently, that he

Mr. Diefenbaker, here with West Germany's Adenauer, supports same policies on German reunification as Mr. Pearson.

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Mr. Pearson emphasizes his own role as Canada's best equipped diplomat and broker between the rival East - West camps.

Domestic issues can no longer be separated from international affairs but all parties show rare agreement in their approach to world problems.

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Mr. Diefenbaker made his first dramatic political move after becoming Prime Minister with his proposals for a 15% diversion of our United States imports to the United Kingdom. The link here between the domestic and the foreign is almost too easy to grasp. What he was concerned with was our foreign economic policy but he realized too that the political overtones in his proposals were almost as important as their economic source. For such a diversion necessarily must arouse some concern among United States exporters to Canada and must emphasize anew the narrowing Commonwealth link now playing often a more nostalgic than positive role in the shaping of the Canadian destiny.

So too with the whole area of Canadian-United States relations. Here the political and the economic are as intertwined as a braid and indeed we have yet, in this generation, to think through the full implications of a Canada increasingly joined in economic fate to the United States, dependent upon Washington for much of its security; yet a Canada very determined to maintain and advance its national character against the onslaught of all the mass media that pour American literature and folk-ways over the frontier and that but for the deep well of our Franco- and Anglo-Canadian resistance, might soon swamp us within the great lake of American power and culture.

CONTINUED ON PAGE 38

Mr. Pearson, with State Secretary Dulles, takes tough but cheerful approach to U.S. Mr. Diefenbaker would be firmer.

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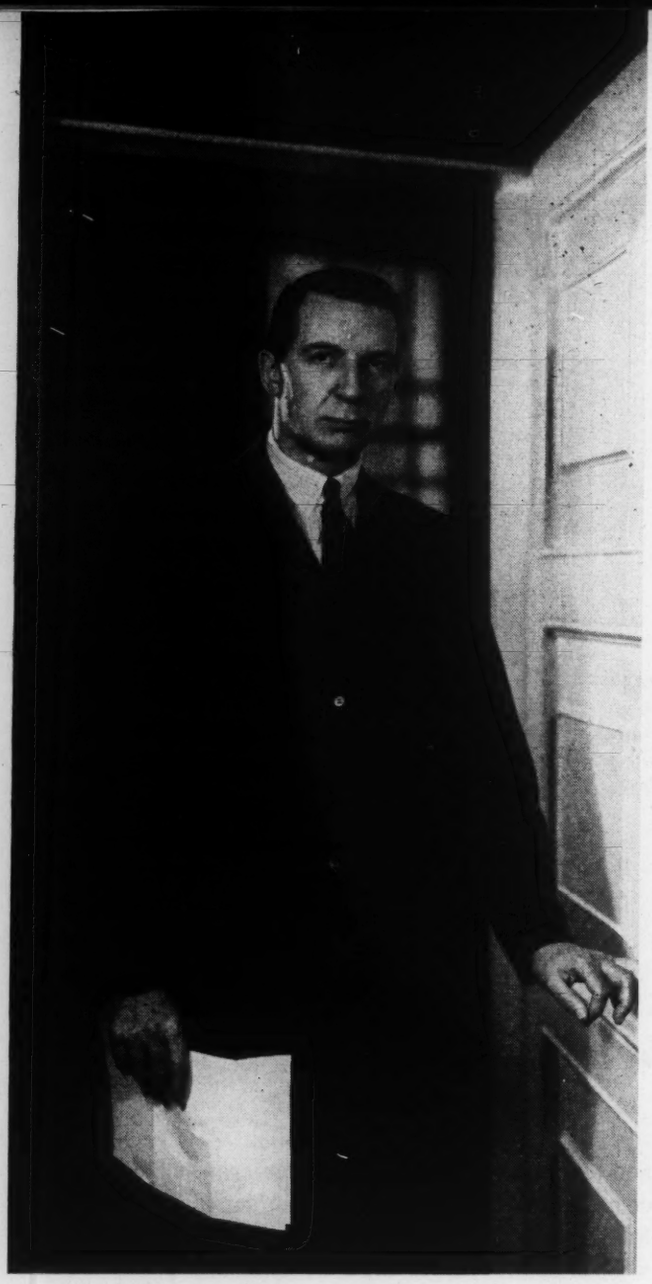


Educated as a lawyer, Mr. Coyne is sometimes criticized by bankers for lack of practical experience in banking.

J. E. Coyne:

Bank Governor Stirs a Tempest

by John A. Stevenson

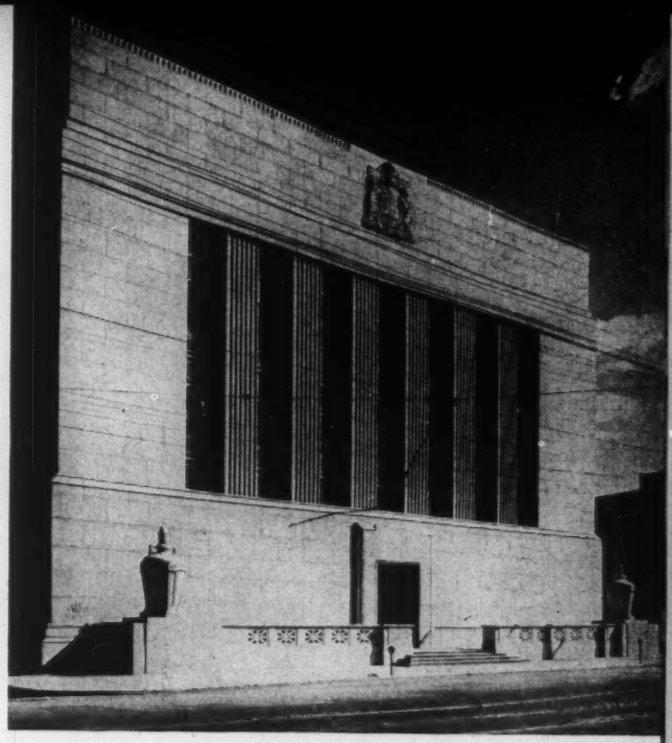
THE NAME JAMES ELLIOTT COYNE is not exactly a household word in Canada but in financial and political circles inside and outside of our bounds it is well known because it is borne by the Governor of the Bank of Canada, an influential moulder of his country's financial and monetary policies.

The Coyne family were prominent people in St. Thomas in southwestern Ontario and the Governor's grandfather, Dr. James Coyne, by profession a lawyer, enjoyed high prestige in intellectual circles outside his own community as a learned historian. One of the group of able sons whom he raised, having migrated westward, crowned a successful career at the Bar of Manitoba by elevation to the Bench and the future Governor was born in Winnipeg in 1910, the eldest son of Mr. Justice J. B. Coyne and his wife, née Edna Elliott. He graduated from the University of Manitoba in 1931 with such distinction that he was awarded the province's Rhodes scholarship for that year.

Queen's College is not one of Oxford's more fashionable colleges but it has always ranked high in intellectual vitality and there young Mr. Coyne applied his excellent brains to such purpose in Oxford's law school that he took a First Class in Jurisprudence in 1933 and followed up this feat by gaining a B.C.L. degree of equal merit in 1934. Meanwhile during his residence in Oxford he had, after going through the ritual of "eating his dinners" at Lincoln's Inn in London, passed successfully the examination for admission to the English Bar. With these high qualifications, a legal career seemed his obvious destiny but four years' experience of the practice of law in Winnipeg made him decide that it was not for him a congenial vocation.

So in 1938 he obtained a post in the Research Department of the Bank of Canada and a report which he made for the Rowell-Sirois Commission upon the financial problems of countries with a Federal structure, gave his seniors such a good impression of his abilities that in June 1939 he was appointed Deputy-Secretary for a new enterprise of the Bank, the Central Mortgage Bank, in

J. E. Coyne, governor of Canada's central bank, became involved in election issues by reporting on "tight money". Embarrassing as he may be, he can't be fired.



In these impressive offices Mr. Coyne and an efficient staff chart the course of Canada's economic well-being.

whose organization he played an important role. After the outbreak of World War II in 1939, he helped to plan a system for the control of foreign exchange and served as Secretary of the Board which operated it, until 1941, when the Canadian Government enlisted his services for seven months for special duties as Financial Attaché at the Canadian Embassy at Washington. But after financial relations between Canada and the United States had been stabilized by the Hyde Park agreement in April, 1941, he was brought back to Ottawa to take part in the planning of the projected system of price control.

When Donald Gordon, then Deputy-Governor of the Bank of Canada, assumed the Chairmanship of the War-time Prices and Trade Board, he insisted that he must be given Coyne as his assistant and Coyne was given the rank of Deputy-Chairman of the Board in 1942. In that year, however, he successfully exerted pressure upon his chief to grant him release from his administrative duties in order to join the Royal Canadian Air Force and, after training as a pilot, served until 1944.

Then he was recalled to Ottawa to fill the important post of executive assistant to Mr. Graham Towers, who was then Governor of the Bank, and two years' later he assumed additional duties as Advisor on Securities. By this time he was generally recognized as the rising star in the hierarchy of the Bank and, when Mr. Gordon in 1950 left the Bank to take the Presidency of the Canadian National Railways, Coyne succeeded him as Deputy-Governor. For the next four years he shouldered his responsibilities as second-in-command of the Bank with such success that when at the end of 1954 Mr. Towers retired, he had staked out unchallengeable claims to be his successor as Governor.

In some quarters objections were raised that a man, who was only 42 years of age and who had never had any practical experience of commercial banking, ought not to be entrusted with such onerous responsibilities about the country's financial policy, but the Minister of Finance of the day, now Mr. Justice Abbott, won the approval of the Cabinet for disregarding them. The objection that he was bred a lawyer and lacked experience in commercial banking had little validity as Lord Catto, when he was appointed Governor of the Bank of England, had made his reputation as head of a great mercantile firm in India and was without any banking experience and Mr. Cameron Cobbold, who has now succeeded him, came into prominence as an insurance expert. But it would be false to claim that Mr. Coyne is a general favorite of all the presidents of our chartered banks: some of them deride him as an "egghead" and others complain that he is infected with intellectual arrogance and pays scant regard to their views, but they all recognize that he has fine mental equipment and is a competent administrator with an immense fund of energy.

It is his good fortune to have among his senior officials a number of men of great ability and in counsel with them he has, since he became Governor, charted for the Bank the courses, which they have decided after

CONTINUED ON PAGE 39

Mr. Coyne was Ottawa's most eligible bachelor until his recent marriage to Mrs. Sanford Riley of Winnipeg.

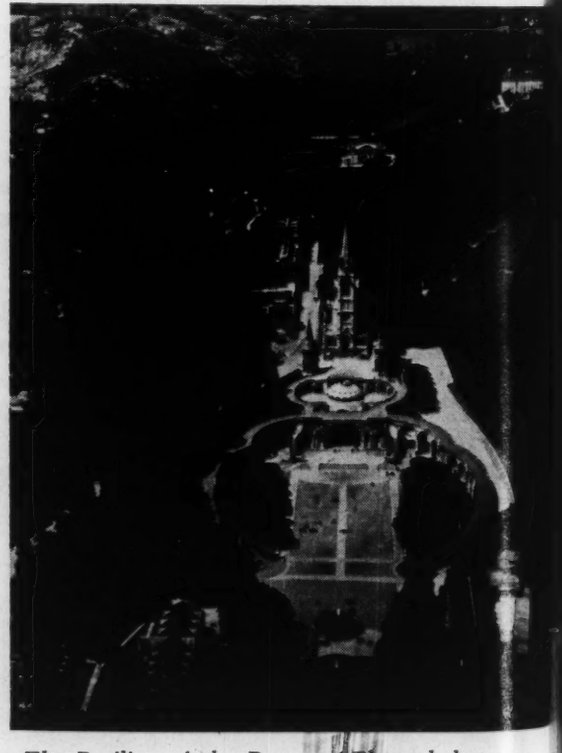
Travel

Clear waters of River Gave flow from snows high up in the mountains. They provide a beautiful setting for the 1870 Rosary Basilica.

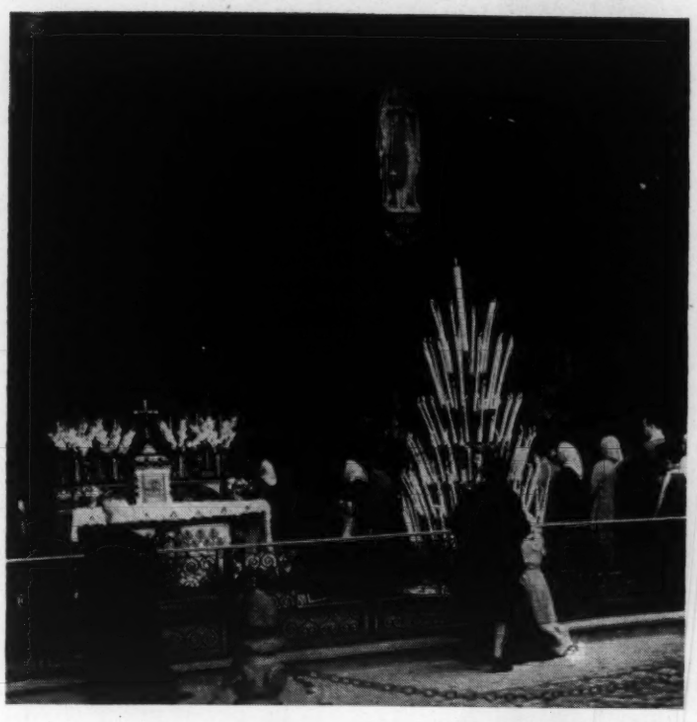
Statue of Bernadette can be seen among others in her former home which is now a visitor's museum.

Bernadette Soubirous' birthplace. She shared this very old dwelling with her four brothers and sisters. Her father was aided by charity.

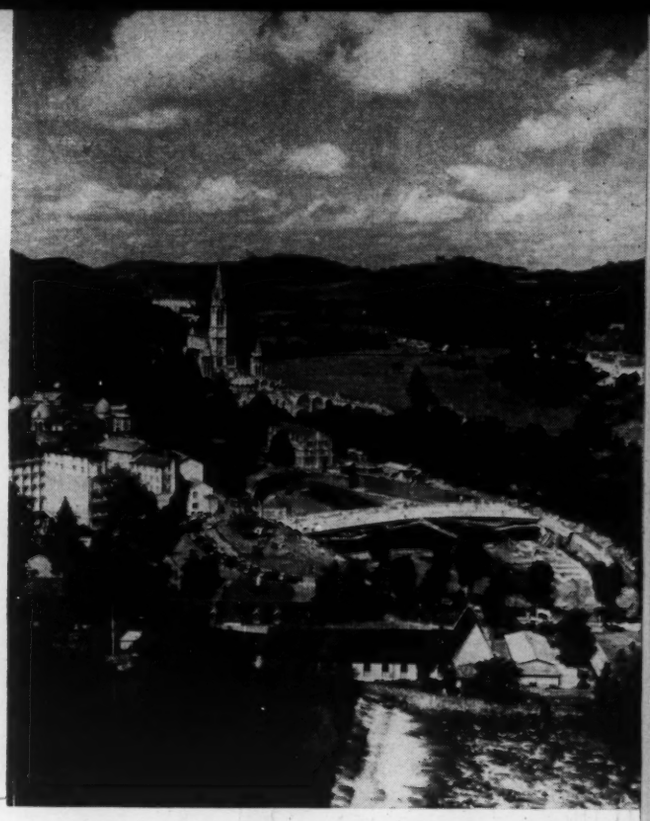
The Saint's home in which all furniture is the same as it was in the year 1858 when she beheld the sacred apparition.



The Basilica of the Rosary. "Thou shalt speak to the priests and direct them to build a chapel here to attract pilgrims."



The Grotto. Pilgrims come to pray to Immaculate Conception below this rock where she appeared 17 times as crowds watched.



New "Saint Pius X" Basilica, world's biggest underground church, accommodates 20,000 pilgrims.

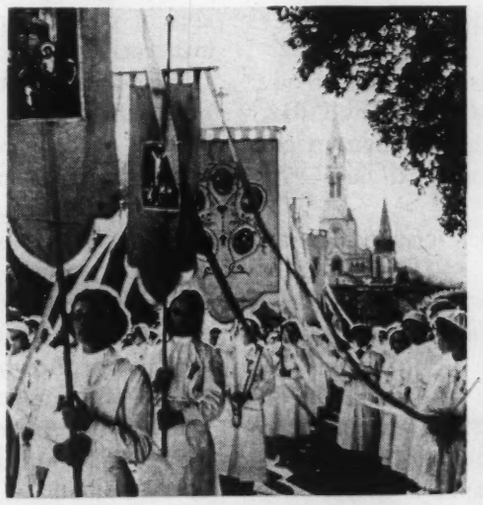
The Centenary of Lourdes: 1958

by Robert Hollier

THE ROMAN CATHOLIC SHRINE of Lourdes, in the southern part of France, will mark the 100th anniversary of its founding throughout 1958.

Probably the most famous of all Catholic holy places outside Rome, it has stirred public opinion since the first reports of the healing powers of its spring a century ago. Scholars, scientists and authors as well as clerics have discussed and re-discussed the story of the miller's daughter, Bernadette, her visions of a beautiful Lady, and her discovery of a spring where no water ran before. To the Church, the happenings of her life, and the curing of certain sicknesses at Lourdes were miraculous, and in 1933 Bernadette was canonized a Saint. In recent times, Lourdes welcomed more than three million visitors annually, and this number is expected to double this year.

Big projects are on hand for the celebration. One of them is the construction of a permanent auditorium with a seating capacity of 20,000. Another is the building of the world's largest underground church, the Basilica of Pope Pius X which will officially open its doors on Easter Sunday, 1958.



Singing procession. From all countries people come to pay spiritual tribute at shrine.

Special tours and pilgrimages are being organized by many Catholic groups in Canada. A choice factor is the excellent low-cost transportation for the 555 mile journey from Paris; $21.70 first class, $15.50 second class by French National Railroads, or $30.20 one way, $54.40 round trip by tourist Class, Air France Constellation, with further savings for groups. Accommodations in the town itself are ample; there are approximately 340 hotels.

Lourdes is, of course, primarily a town for the religious. The great Grotto of Massabielle, the house of Bernadette, the Church of the Rosary on the River Gave, the relics and the places of worship stand as a testimony to the miraculous for the devout. But to all tourists Lourdes also provides a spectacular experience on a purely human level with torchlight pro-

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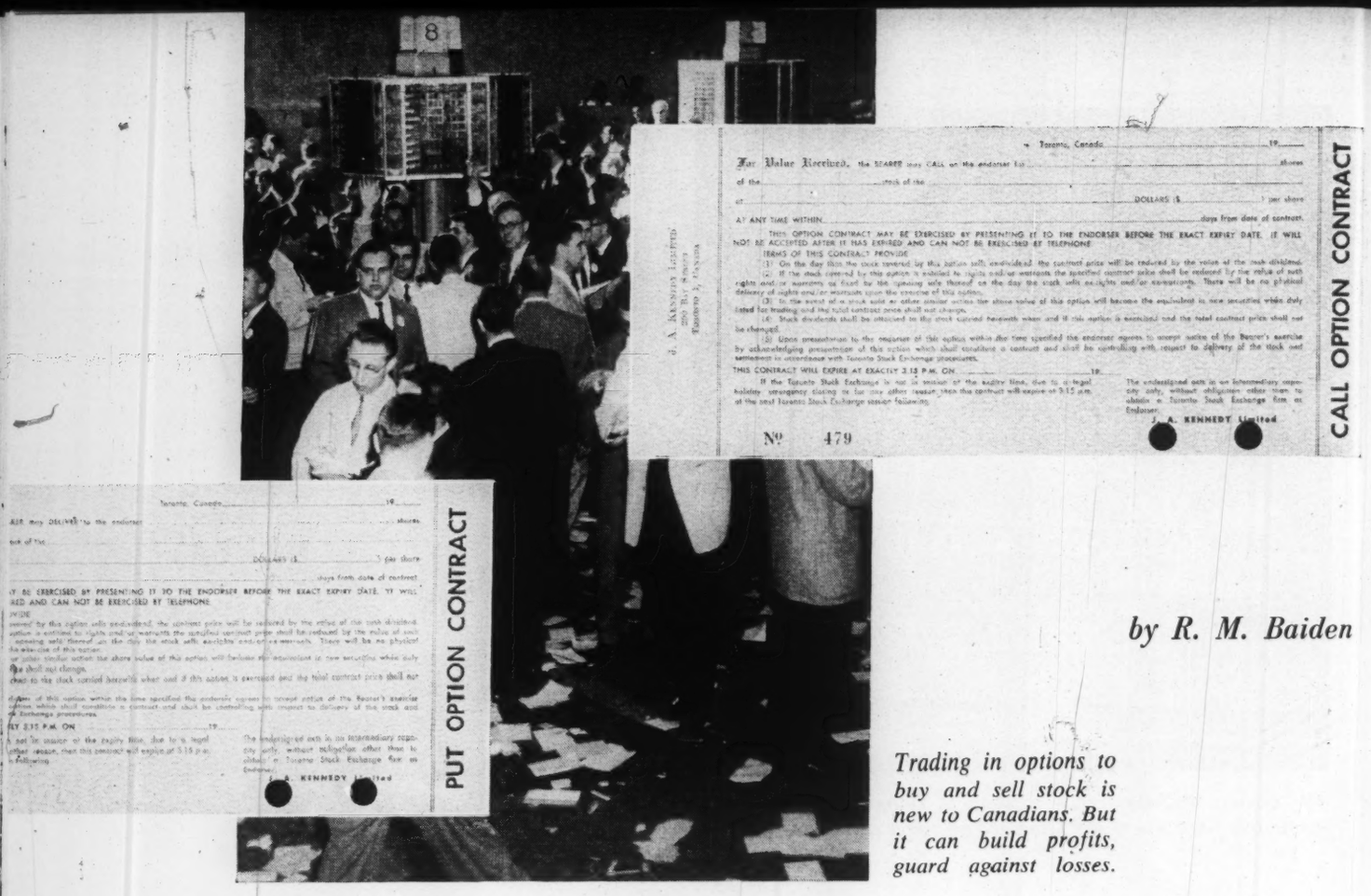


Trading in options to buy and sell stock is new to Canadians. But it can build profits, guard against losses.

by R. M. Baiden

"Puts" and "Calls"—

A New Market Technique For Skillful Traders

CANADA'S BIGGEST SECURITIES market is experimenting with a new trading and investing technique. It's called "puts" and "calls".

In the simplest terms, puts and calls are options to buy or sell a specified number of shares of a company's stock at a specified price for a specified length of time. A put is an option to sell and a call is an option to buy.

Basically, this is how it works:

Mr. A calls his broker: "How much for a 90-day call on 100 shares of Cons. Magnus at $50?" The broker says it would cost $300 and Mr. A buys. Within three months Cons. Magnus rises to $60 a share and Mr. A pockets a profit of almost $700.

Mr. B calls his broker. He wants a 90-day put on 100 shares of Mammoth Industries at $50. The charge is $300 and within three months Mammoth drops to $40 and shows signs of going lower. Despite a "paper" loss of more than $1,000, Mr. B's actual loss is only a little more than $300.

These examples illustrate two of the most important uses of puts and calls: Increasing the effectiveness of investment money and protection against market loss.

Take another look at the two examples. When Mr. A bought his 90-day call on 100 shares of Consolidated Magnus at $50 it cost him $300. That $300 entitled him to buy the 100 shares anytime within 90 days. When the stock rose to $60, he called for delivery of the stock and immediately sold it at $60. For a cost of $300, then, he in effect bought stock worth $5,000, sold it for $6,000 and had a profit of $1,000 less the $300 and the regular exchange brokerage fee of about $40. If instead of rising the stock's price had fallen, Mr. A would simply have permitted the option to lapse and taken a loss of $300.

When Mr. B bought his 90-day put, he bought the right to sell 100 shares of Mammoth at $50 anytime within three months at a cost of $300. Mr. B bought the put because Mammoth had risen sharply recently and he was

CONTINUED ON PAGE 37

When you ask for a loan at the B of M . . .

you do not ask a

FAVOUR

WHEN the housewife calls at the grocery store and orders a supply of provisions, she is not asking a favour . . . she is buying goods for which she will pay cash . . . purely a matter of business.

So with your bank. It is a business proposition just as much as the grocery store.

The grocer deals in groceries . . . the banker deals in credit. And, as the making of loans is the principal way by which his bank derives its revenue, he is as anxious to sell his credit as the grocer is to sell his groceries. And, like the grocer, the banker naturally wants to know that he is going to be paid for his goods . . . that his loans will be met when they fall due. That, too, is only good business.

When you have occasion to ask for a loan, look at it this way. Come to the Bank, not feeling that you have to ask a favour, but to offer the manager a sound business proposition which will be of profit to you and to his institution.

"MY BANK" TO 2 MILLION CANADIANS B of M

BANK OF MONTREAL

Canada's First Bank

WORKING WITH CANADIANS IN EVERY WALK OF LIFE SINCE 1817

D-264-L1 (S)

The Lively Arts

by Mary Lowrey Ross

Rough With the Smooth

"THE MAN IS MAD," says Japanese Colonel Saito (Sessue Hakawaya) of his stiff British prisoner Colonel Nicholson, (Alec Guinness).

"Worst commanding officer I ever saw," comments Colonel Nicholson, when Saito tries to bring him to terms by baking him in a sheet-iron oven, "The man must be mad."

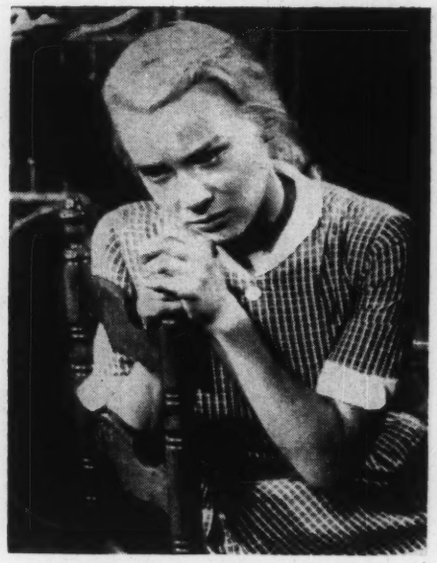
"Madness, madness!" is the despairing cry of the medical officer faced by the final destruction of every human effort in *The Bridge on the River Kwai.* It is the final word in this remarkable film.

When Colonel Nicholson marches into the camp presided over by Commander Saito, his first act is to point out that under the terms of the Geneva Convention, officers must not be compelled to work on enemy projects. Colonel Saito promptly slaps his face with a copy of the Geneva Covenant, and offers him and his officers their choice of working or execution. Under his code, Colonel Nicholson elects to die, along with his officers. Saito is then faced by an unhappy alternative of his own. Under *his* code he is bound to commit suicide unless the bridge is erected on schedule. In the end it is Saito who must capitulate to his beaten, starved and tortured prisoners.

The officers are released and the men, who have been merrily sabotaging the bridge project, go busily to work under the supervision of their own officers. Meanwhile, the British Colonel, enchanted by the spectacle of drill and discipline he has created, as well as by the bridge, which he has come to regard as a symbol of British workmanship and morale, has quite lost sight of the fact that he is bringing aid and comfort to the enemy. The situation continues to deepen in complexity and by the time a commando group turns up to demolish the bridge the simple moralities that govern the conventional film have been blown to pieces. The British Nicholson and the Japanese Saito each follows his peculiar mystique to his own destruction and in the end neither is justified and neither condemned. If any conclusion emerges from this curious story it is probably that the attempt to establish civilized rules in modern war is a good deal like devising a policy of self-government in Bedlam.

The film sets out to present the human comedy in terms of high tragedy and succeeds brilliantly on both counts. There are sequences of tongue-in-cheek Henty-ism in which the indomitable Nicholson appears to be fighting the Boer War or battling with Clive in India; and there are sequences so nobly scaled that one can almost accept the Henty legend. At times, particularly when it is dealing with the British habit of mannered understatement, the film is wonderfully funny; and at times it is capable of an almost savage irony—e.g., the round table discussion in which the British engineers and army officers set briskly to work to salvage the enemy plans, while Colonel Saito drearily presides at his own ruin.

Alec Guinness: "The human comedy in terms of high tragedy".

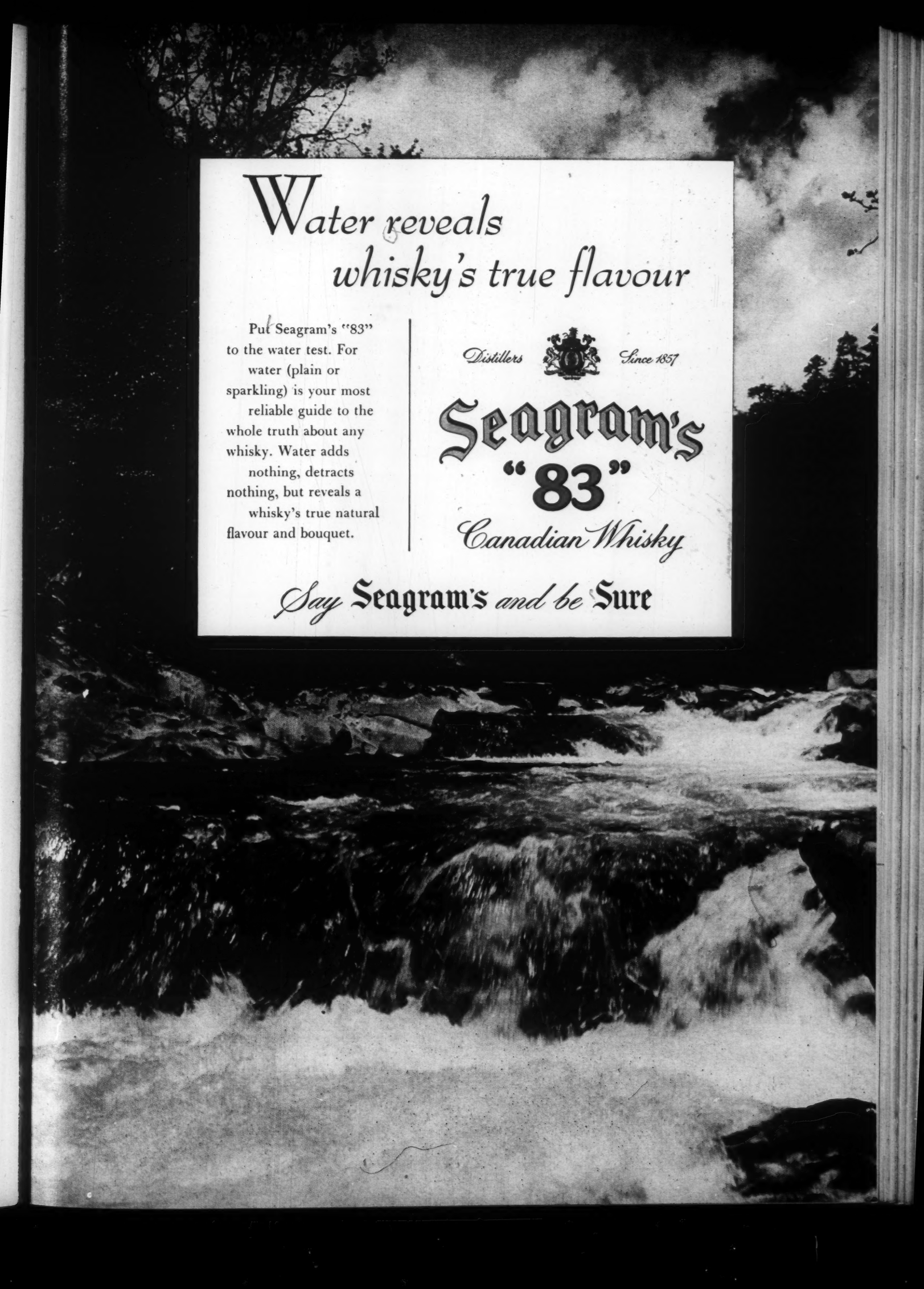


Hope Lange: Shocking Tobacco Road.

All sorts of strange things happen in this picture. The hero, under the driving stimulus of achievement, becomes a sort of monster. The monstrous Saito, humiliated and lost, arrives at a kind of Buddhistic dignity. "You're crazy with courage," snarls the disillusioned American soldier (William Holden) who is drafted to conduct a commando party back through the jungle hell from which he has barely escaped. But he himself is crazy with courage when the time comes. None of this is contrived or arbitrary; there are no conversions in *The Bridge on the River Kwai.* There are only those lightning transfers of emotions that emerge as grace or failure under pressure.

While the Grace Metalious novel *Peyton Place* underwent considerable cleaning up in passage to the screen, it still manages to include rape, abortion, suicide, murder and near-incest among the activities of the town-folk. All these doings are set forth in the shocked and high-minded terms of a confidential magazine report.

Lana Turner is on hand as one of the town's more unbending matrons. She lives with her daughter (Diane Varsi) in a lovely little house on the right side of the tracks. Daughter's best friend (Hope Lange) lives on the wrong side, in a hovel that would embarrass a resident of Tobacco Road. Everybody fraternizes happily however, so it may come as a surprise when the local doctor (Lloyd Nolan) upbraids the community for lack of neighborliness in the big, very foolish court scene at the end. It is a slick handsome picture, done up in fashionable jewel tones. Well, you have to take the rough with the smooth in this business, so let's be grateful for the rough.


Water reveals
whisky's true flavour
Put Seagram's "83" to the water test. For water (plain or sparkling) is your most reliable guide to the whole truth about any whisky. Water adds nothing, detracts nothing, but reveals a whisky's true natural flavour and bouquet.
Distillers
Since 1857
Seagram's
"83"
Canadian Whisky
Say Seagram's and be Sure

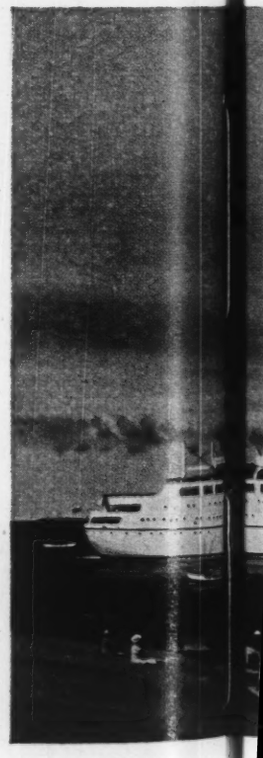
Canadian Pacific offers a world of service by land...by sea...by air...

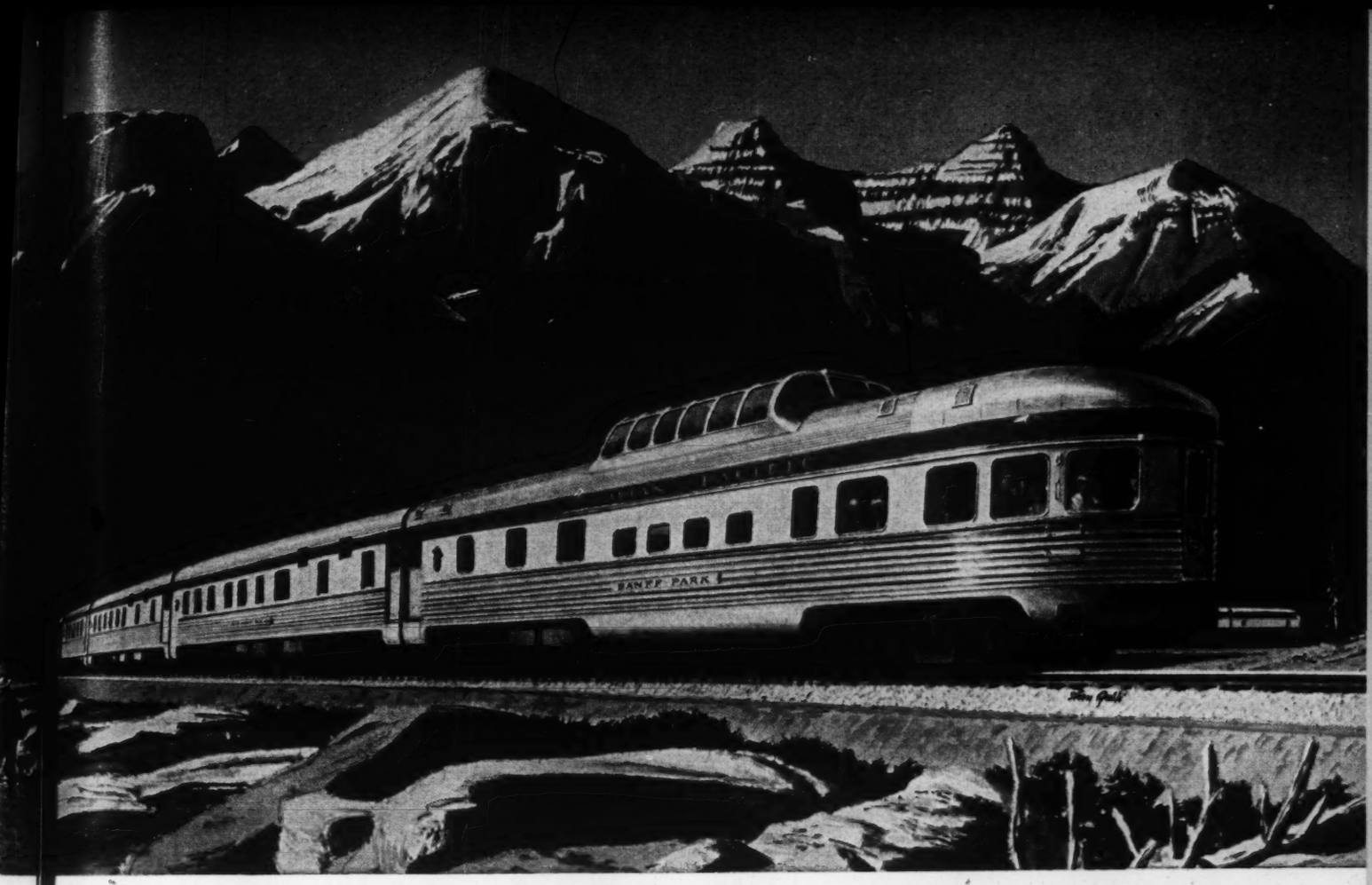
From an expanding Canada, the world's greatest travel system today reaches out to connect five continents with a 72,000-mile network of land, sea, and air routes.

You can travel smoothly and swiftly across Canada on "The Canadian" along the world's longest Scenic Dome Route. You can sail the sheltered St. Lawrence River Route to Europe and cruise to tropic waters on new "White Empress" luxury liners. You can fly to the Orient, South America, the South Pacific and Europe on fast, modern airliners. And you can enjoy magnificent metropolitan hotels and luxury resorts across Canada.

Canadian Pacific is building for the future, too, with the modernized and enlarged 1,600-room Royal York Hotel in Toronto...with a fleet of jet-prop 100-passenger "Britannia" aircraft for its international air routes...and with construction of a third new and larger streamlined "White Empress" transatlantic liner.

To enjoy travel at its best, today and tomorrow, look first to Canadian Pacific for a world of service!





BY LAND... Canada's only stainless steel scenic dome streamliner, "The Canadian," moves under smooth diesel power for 2,881 miles across Canada along the spectacular Banff-Lake Louise Route in the Canadian Rockies.

BY SEA...New sleek "White Empresses" sail one third of the way to Europe along the sheltered St. Lawrence River "Landscape Route." Travelers are offered modern ocean-going accommodations with superb shipboard service.

BY AIR...New jet-age Bristol "Britannias," the world's largest, fastest and quietest jet-prop airliner, in service this year between Canada and Europe, the Orient, Hawaii, Australia, New Zealand, Mexico and South America.

Canadian Pacific The World's Greatest Travel System

RAILWAYS • STEAMSHIPS • AIRLINES • HOTELS • COMMUNICATIONS • EXPRESS

Puzzler

By J. A. H. Hunter

"REMEMBER THAT "Puzzler" you had the whole office in a tizzy with last Christmas?" asked Bob, looking up from a mess of scribbled paper. "Well, I've got one for you on my brother's three children whom you've never met. Their ages total just fifty years today."

"Won't forget that for a while!" Joe laughed. "No work done for a week, but what's it now?"

Bob took a deep breath. "Today happens to be Peg's birthday," he told his partner. "When Pam was one year older than half as old as Pete was on one of Peg's previous birthdays when Peg was half as old as Pam, Pete was one year younger than twice as old as Peg will be when Pam is half as old as Pete."

For a moment there was silence, and then Joe shook his head. "No! No!" he cried, making for the door. "That way madness lies."

Maybe Joe was right, but perhaps you can see how old Peg must have been this birthday. (71)

Answer on Page 40

Chess

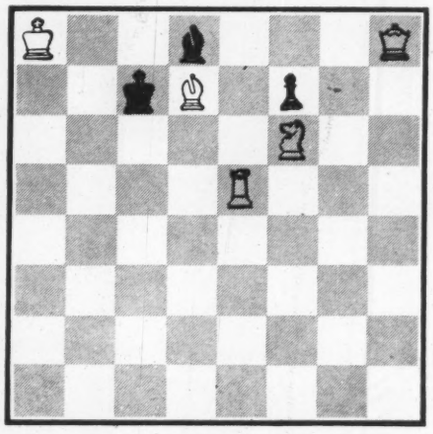
by D. M. LeDain

SOLVING CONTEST. Key only required for current Problem No. 189 (P. H. Williams). Deadline, April 19, 1958. All entries opened on same date, and to each solver of the first three correct solutions examined a chess book will be sent. A chess magazine goes to the next twenty. One entry only, please!

"Problems are a distinct branch of chess which must not be confounded with the game itself. Points in common to both are rarely met with. The problemist opens a field of entirely different situations and tactics, in that the disparity of forces is almost always great, and because it is the deliberate fancy of a single mind, unfettered by what the opponent may do. In a game the mate is seldom reached before the win is conceded. In a problem, all effort is concentrated on an ingenious mating idea, condensed to a few moves." (P. H. Williams).

Solution No. 188 (Schor).
Key, 1.Q-K6.

Problem No. 189, by P. H. Williams.
White mates in two. (5 + 3)



Watch Your Step

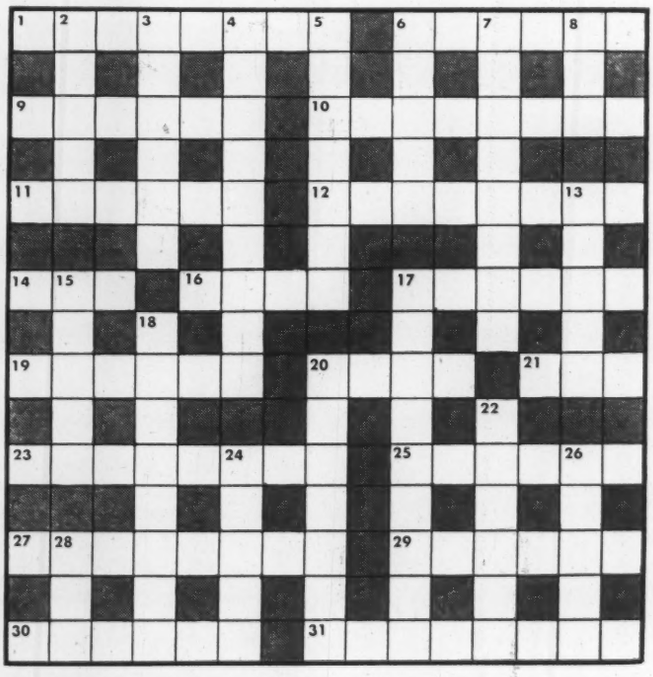
by Louis and Dorothy Crerar

ACROSS

1 In which the biography of Nehru should be written? (5, 3)
6 Mother's gone to bed. What luck! (6)
9, 22. Free speech, as it were. (4, 2, 3, 3)
10 Taxi rates are changed for night-spots. (8)
11 First and last beer helps to make a drinking vessel. (6)
12 Dine less for a change, if unemployment causes it. (8)
14 See 8
16 Put your arms back and get comfortable. (4)
17 If you've got them in here you're bats, too! (6)
19 It might stupefy one to exist with Terpsichore for instance. (6)
20 It is located in the south-east. (4)
21 See 17D
23 Explosion the reels won't go to, despite the blaze at the rear. (8)
25 The reformation is about a hundred moral questions. (6)
27 The indictment is O.K., William. (4)
29 She took a spill riding. (6)
30 Well fixed, but getting married took half of it. (6)
31 Get drunk at the dance on this? (8)

DOWN

2 One is upset sometimes by this. (5)
3 I have taken over, contrary to the 8, 14. (6)
4 If you have the 9, 22, the . . . is that you will talk a lot (9)
5 Doing this up a 2 is a racket. (7)
6 Did she amble all over the place in "The Pirates of Penzance"? (5)
7 Ran after a saint with a broken leg. (8)
8, 14. See 3. (6)
13 This country has part of its Thanksgiving dinner on its border. (5)
15 Care naturally produces it. (5)
17, 21. Lamb's father took a beating, it seems. (9, 3)
18 What the political speaker does to avoid being splattered by one? (5, 3)
20 Robth? (7)
22 See 9.
24 Book I take up almost daily. (5)
26 An internal cause of so much illness. (5)
28 This may give a 31 a 5 without gin. (3)



Solution to last puzzle

ACROSS

1, 1D. Light literature
4 Illumined
9 Taste
10 Depositor
11, 29. Reading lamp
13 Recurs
15 Tun
16, 24 Teapot
17 See 19
19, 17. Lahore
20 Rub
22 Eat
23 Eel
24 See 16
25 Raffia
28 Austria
30 Anticosti
31 Babel
32, 1. Put out the light
33 Dread

DOWN

1 See 1A
2 Gas main
3, 1A, 14. The Light that Failed
4 Indignant
5 Leper
6 Music
7 Natural
8 See 12
12, 8. In the dark
14 See 3
17 Operative
18 Ellis
21 Blast it
24 Parable
26 Fichu
27 Asset
29 See 11 and 31D
31, 29. Bedlamp

(438)

THE DOLL THAT CAME ALIVE

and became star saleslady for Yardley in Canadian Magazines

Three years ago, Yardley of London (Canada) Limited devised a novel and singularly attractive way of presenting its products to Canadian women . . . the glamorous Yardley Doll.

Canadian Magazines were selected as the major advertising medium to introduce the unique Yardley Doll. She has appeared regularly since then on the magazine pages . . . and has shown such a flair for selling Yardley, that the line is among the top leaders in the preferred brand list.

Says Mr. J. C. Sharman, Director of Sales for Yardley of London (Canada) Limited:

"For many years we have found Canadian Magazines to be a most successful medium for Yardley advertising.

When we planned to introduce the Yardley Doll, we felt that Canadian Magazines offered a medium in which she could "come alive" because they provided finer reproduction to transmit the colour and beauty the promotion required. And they offered a fashion-minded audience, that would be receptive to a novel approach to fragrance advertising.

We are happy to say this advertising has also been most successful. Our excellent share of the market throughout Canada speaks well for the influence of Canadian Magazines."

J. C. Sharman

The story of the Yardley Doll that Came Alive may well apply to your own products . . . as it has applied to so many more.

In this day of competition for the consumer's dollar, more and more people are turning to Canadian magazines for authentic buying information.

This fact is proven by the tremendous growth in readership of the Canadian Magazines . . . as evidenced by increased circulation of well over 18% in the last 4 years.

It pays to advertise in the medium where sales are closed — in Canadian Magazines.

This advertisement sponsored by

Canadian Home Journal
Canadian Homes & Gardens
Chatelaine
Health
La Revue Populaire
Le Samedi
Liberty
Maclean's Magazine
Saturday Night
Western Homes & Living

THE MAGAZINE ADVERTISING BUREAU OF CANADA

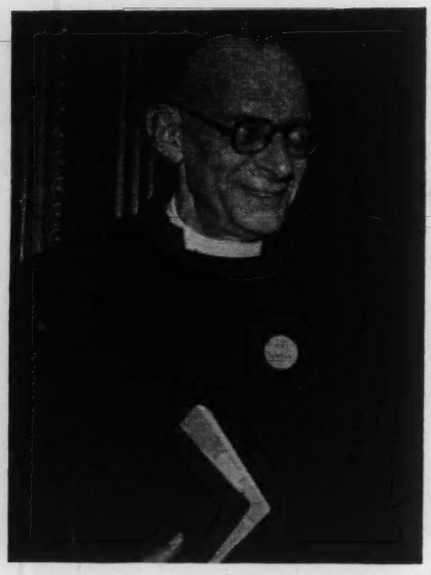
21 Dundas Square, Toronto, Canada

Books

by Robertson Davies

Mentor, Not Companion

The deeply serious, the merely curious, the historian and the believer who wants to deepen his belief may all come, confident of finding what they desire.



Dr. Cross: For the educated public.

WITH ITS ACCUSTOMED TACT the Oxford University Press has called the latest addition to its fine series of reference books a *Dictionary of the Christian Church* rather than a *Companion to the Christian Church*.

The Companions—to English Literature by Paul Harvey, to American Literature by James Hart, to the Theatre by Phyllis Hartnoll and (most successfully companionable of them all) to Music by Percy Scholes—are books in which the editors admit to some measure of personal bias. Scholarly they all unquestionably are, but they wear their scholarship with the lightness of spirit and the frank recognition of personal taste which are characteristic of Oxford scholarship at its best. In such realms of humanism as are embraced by literature, the theatre and music such an attitude is permissible and indeed admirable.

But people have very rarely been burned because of differences of opinion in these fields; schism and heresy are common in them, but they go unpunished by anything more severe than the verdicts of taste and time. Religion is a different matter. Who would dare attempt to be companionable about it? Who could bring Dr. Scholes' fine quality of learned vivacity to its discussion? Only an editor who was prepared to wrangle for the rest of his life with those whom he had offended. And so Dr. F. L. Cross offers us, not a companion, but a dictionary.

It appears to me to be a very good dictionary, and if anybody says I am no judge of a book about the Christian Church, let me retort that Dr. Cross states specifically in his Preface that his book is addressed to "the educated public as a whole", as well as to the clergy. Fault can be found with it. My careful search failed to find as much about the history and belief of the Eastern Orthodoxy as I wanted; I could find no reference to the church's attitude toward suicide; I am sure that there must be discussion of the Great Schism of 1054, but I could not find it.

It would have been useful to have a chronological list of the Popes, and of the Archbishops of Canterbury. A Table of Saints would have taken no more room than the extremely useful Perpetual Calendar in the *Companion to English Literature*. I feel also that it would have added greatly to the book's usefulness if illustrations could have been included (perhaps line-drawings in an appendix) showing, among other things, vestments and the characteristic dress of the principal religious orders. Many who, like myself, can barely tell an Agonizant from a Discalced Passionist would have welcomed something of this sort. Yet when we consider the extraordinary difficulties facing Dr. Cross, we recognize the magnitude of his achievement, and praise must far outweigh blame.

In a book to which ninety-four scholars, apart from the editor and his staff, have contributed, a perfect evenness of tone cannot be expected. Remembering that St. Thomas Aquinas condemned "jocose lies" told only for amusement, we can understand why certain cherished legends have been excluded from the book, but we are doubly grateful that somehow or other St. Teilo has slipped in—that low-comedy Welsh saint who provided three sets of authentic bones in order not to disappoint his admirers. The House of Loreto is put firmly in its place, and the life of St. Dunstan is dealt with without the slightest hint at a pair of tongs. The Letters D.O.M. are explained without any reference to the fact that most of us are accustomed to see them on a bottle of Benedictine. On page 98, under Astrology, the Dictionary makes reference to "the growth of unbelief and superstition" in our own day, and it obviously means to do nothing that will encourage such trends.

A splendid fairness is shown in the article on Gibbon, but it breaks down somewhat when the subject is T. H. Huxley; the single references to Freud and Jung suggest the repetition of a second-hand opinion rather than the result of a first-hand appraisal. But again we must remember the mazy path which the editor of such a book must tread; the careful entry about the Holy Shroud is an example of his tact; and however mild they may appear to the casual lay reader, such references as that to the "(re-)ordination" of R. H. Benson in 1904 are full of dynamite for those who want to pick a quarrel.

In general the soft pedal has been used in referring to forms of martyrdom or the rougher details of church history. Of Peter Abelard's fate we are told only that his career was "cut short" in 1118, though he lived till 1142. Of St. Agatha we are told little—certainly not the story which fascinated the devout for a thousand years, which is that she was martyred by having her breasts cut off, and she is generally exhibited in sacred art carrying them before her on a plate, quite unperturbed by her strange plight. But on the other hand we are told that in the 19th century H. J. Prince boldly asserted that he was the Holy Ghost and persuaded quite a large number of people that it was so, until his death at the age of 88. In dealing with so rich and broad a realm as the Christian Church, a perfect evenness of tone cannot be expected, and an

unbroken sobriety cannot be assured. In spite of Dr. Cross, cheerfulness will keep breaking in.

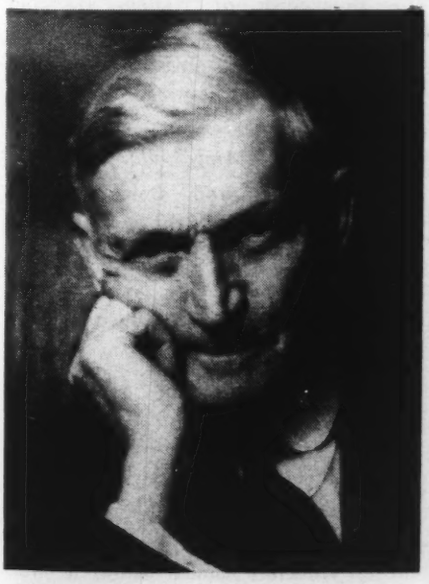
Nobody would wish such a book as this to be frivolous. We are contented, then, with a brief article on beards as they have been worn by the clergy, without expecting any reference to such oddities as "the Anglican inch", popular in the 19th century, or the Wycliffe Moustache so often to be observed in Canada. (Indeed, references to Canada are few, and our two national contributions to the diversity of Christian sects, the United Church, and the Hornerites, receive no special mention.) It is not in such a book as this that we look for an explanation of what an M.B. Waistcoat is. (And as you may not have the proper books handy, it is one of those impenetrable affairs of corded silk, called the Mark of the Beast by evangelical Anglicans fifty years ago.) But Dr. Cross might, without sacrifice of dignity, have told us at what time the Roman collar supplanted the white cravat as the customary throat-wear for virtually all clergy.

With this book at hand it is possible to trace the history of belief, of church architecture and of ritual usage, and of the growth of every substantial branch of the Christian Church. Understandably the Roman Church, the Church of England, and the Orthodox Church dominate the bulk of the references, but Presbyterians, Methodists, Congregationalists, Lutherans and other reformed churches are not robbed of anything which is proper to them.

The book is a treasure-house of great and small matters. If you want to know why Dostoievsky, Kierkegaard and Heidegger are important in the religious as in the literary worlds, this book will tell you; if you want to know what the veils on the cap of an Orthodox monk are called, this book will explain that they are the Exokamelaukion; if you are curious about the Adiaphorists or the Stercoranists, you may apply here with confidence; if you want the history of the Apostolic Succession, it is here.

The deeply serious, the merely curious, the historian and the believer who wants to deepen his belief may all come to this book confident of finding what they desire. Indeed, I do not see how any library in church, school or town can hope to do without it; and if anyone is anxious to please his pastor on Easter Day with a gift which every intelligent clergyman should welcome, let him look no further. *The Oxford Dictionary of the Christian Church* is launched on fifty years of popularity, at the very least, and Dr. Cross and the O.U.P. deserve the warmest thanks and congratulations.

The Oxford Dictionary of the Christian Church, edited by F. L. Cross, Professor of Divinity in the University of Oxford—pp. 1492—*Oxford—$13.95.*



Dr. Needler: Not in history books.

Favorite Pubs

The Old Inns of London, by Louis T. Stanley — pp. 116, — index and glossary — many photographs—*Clarke, Irwin—$5.00.*

THE TRAVELLER to London is at once struck with the number, variety and character of its inns. Their historic names, their quaint signs, their antiquity (either genuine or pseudo) are a constant delight. For the traveller who has the time to explore them, this book will make both an authoritative guide and a good companion.

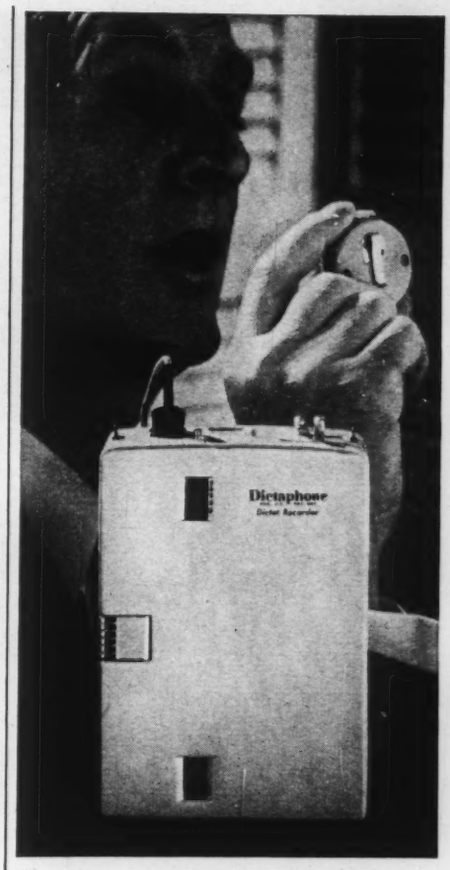
He begins with the history of inn-keeping in England and traces it from the *bibula, diversoria* and *tabernae* of the Roman occupation through the Saxon ale-house and the Plantagenet church-hostel to the modern inn. He shows how much history is associated with the inn-signs and has a most interesting section dealing with some of these. The main section of the book lists and describes some of the most famous inns, listing them alphabetically for easy reference. He concludes with a glossary of terms commonly associated with ale-houses and brewing.

Valuable for the traveller, interesting to the stay-at-home and full of curious bits of information to amuse both. F.A.R.

Campaign of 1855

Louis Riel, The Rebellion of 1885, by G. H. Needler — pp. 81 — photographs, verses and letter of Louis Riel — *Burns & MacEachern — $3.00.*

THIS IS THE STORY of the Riel Rebellion of 1885 from a military standpoint. Professor Needler, then a student at the University of Toronto, went with the University contingent and one of the most vivid sections of the book is the account of how his unit made the 2,000-mile journey in



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late winter using the new CPR line where possible and covering the gaps on foot or by bob-sleigh.

He discusses the strategy of the generals, the tactics of Poundmaker and the incidents of the campaign with clarity and vigor. It will appeal more to the military minded than to the general reader, but it contains a dozen good bits of Canadiana that never get into history texts. F.A.R.

Books Received

Samson In Hades (Ella Julia Reynolds)—*Ryerson—$1.*

Poetry in Canada (R. E. Rashley)—*Ryerson—$4.50.*

Masters of Deceit (J. Edgar Hoover)—*George J. McLeod—$5.75.*

Claudine in Paris (Colette)—*British Books—$3.*

A Straw in the Wind (E. M. Granger Bennett)—*Ryerson—$3.95.*

The History of Fanny Burney (Joyce Hemlow)—*Oxford Univ. Press—$5.25.*

Wilderness of Spring (Edgar Pangborn)—*Clarke, Irwin—$5.75.*

The Catafalque (Robert Goldston) — *Clarke, Irwin—$4.75.*

Victorian Ballet Girl (Ivor Guest)—*Macmillan—$4.*

Valley of the Trent (Guillet)— *Univ. of Toronto Press—$4.*

The 9-Months' Wonder (Peg Bracken & Helen B. Moore)—*Prentice Hall—$2.95.*

Ten Thousand Eyes (Richard Collier) — *Collins—$4.*

Moscow Tram Stop (Dr. Heinrich Haape & Dennis Henshaw)—*Collins—$4.50.*

The Ring - Givers (W. H. Canaway) — *Michael Joseph—$3.75.*

The Breakdown of Nations (Leopold Kohr)—*British Books—$.95.*

The History of the Russian Revolution (Leon Trotsky)—*Ambassador—$15.50.*

Angry Harvest (Hermann Field & Stanislaw Mierzenski)—*Ambassador—$5.95.*

Roman History From Coins (Michael Grant)—*Macmillan—$2.50.*

Six Theosophic Points (Jacob Boehme)—*Ambassador—$1.95.*

The Unsilent Generation (edited by Otto Butz)—*Clarke, Irwin—$3.50.*

The Sibyl (Par Lagerkvist)— *Clarke, Irwin—$2.25.*

Bon Bon Voyage (Cartoons-Bill O'Malley)—*Prentice-Hall—$1.00.*

New Orleans Sketches (William Faulkner)—*Ryerson—$4.50.*

9th Art Directors Annual—*Burns & MacEachern—$6.*

Moments from Canada's Economy

The ticker tape taps out a message . . . notes are scribbled on a scratch pad . . . a telephone call . . . a letter of confirmation; something is sold, something bought. Another few moments in Canada's economy go by. And Provincial Paper is there. Ticker tape, scratch pad, telephone directory, letter paper—these and a hundred and one other paper products are at work every minute of the business day. And *all* are produced from specific grades of paper manufactured by Provincial.

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Robert McGillis

Who's Who in Business

Laura Secord's McGillis

"Old-Fashioned Sweetness"

by Paul Nowack

Capsule Comment: As far back as 1932 Robert McGillis began to handle Laura Secord candy as a distributor in Winnipeg. Working out of a small office, the wiry Scotsman rummaged from office to office selling the unknown line on the basis of his own pledge of quality and freshness. Often working 14 hours a day, his pledge paid off and two years later McGillis Western Co. had established agencies and retail outlets in Saskatoon, Regina and Edmonton. He expanded his line to include greeting cards and kitchenware but it was Laura Secord products which opened the doors because, "I just believed the quality and freshness of the candy would soon speak for itself".

Two months ago Robert McGillis found the doors opened to the president's chair of the venerable Laura Secord Candy Shops Ltd., the largest retail manufacturers of candies in the British Empire.

The new president is as far removed from the suave, driving executive as the very company he represents on the highest level. Laura Secord, which has built a legend of old-fashioned sweetness for 45 years, shuns the hard-sell, mass production techniques of big business. Sales girls in the 126 shops are warned of the evils of high pressure tactics and employees in the two studios (not factories: "candy-making is an art") respect the tradition that to ensure quality butter is delivered in quantities not greater than the one-pound block their own wives use at home. This anachronistic formula seems to have paid off, and to prove the point the new president refers to figures in the 1957 Annual Report (total sales $5,655,000: net profit after taxes, $384,000) which show a Secord sales record. And McGillis has already re-assured his 800 associates (not "employees") that naught will be changed.

Career: To McGillis, the man who brought Laura Secords to the west, his recent appointment is the culmination of a career speckled with poverty and determination. Born in the village of Avonmore, Ont., (population 300) in 1905, he was brought up in Mountain Village where his father owned the general store. After graduating from St. Andrew's College (with a senior matriculation) he landed an $18-a-week job as a shipper with the Grolier Society in Toronto. One year later McGillis was promoted to salesman and for a short spell he sold books ("Romance of Famous Lives") door to door.

In three weeks he was back in the Grolier offices because "I didn't like the sales job". In 1929 he was transferred to the Winnipeg office as accountant until the depression left him jobless in 1932. After searching for work three months McGillis took a gamble and decided to return to Toronto because, "I was shocked at the exorbitant price of candies in Winnipeg and I hoped to talk Mr. Hayes, then general manager of Laura Secord, into allowing me to sell the candies out west". Catching a ride with another young hopeful yearning for greener fields in the East, the two rode across the country in an old Essex. McGillis persuaded Hayes and succeeded in capturing the franchise (his co-driver, Bob Dales, is still a close friend and now vice president of the Bank of Nova Scotia).

His record in Winnipeg spoke for itself and five years later he was asked to return to Toronto as sales manager for Laura Secord. "My sincere admiration for the firm made me go with them."

The feeling was mutual and in 1943 he became secretary, in '46 general manager, and three years later vice-president.

Attitudes and Personality: McGillis' deep pride in the policy of the Laura Secord Family (not "company") is reflected by his relationship with associates in the Toronto studio, most of whom he knows on a first-name basis. Pointing with pleasure at men who have been associates for 25 years, he questions them solicitously during his frequent tours through the 50,000 sq. ft. studios in Toronto and Montreal.

He also stresses the development of new products to complement the 125 different candies already being produced with the result that the company is quietly bringing out new candies continuously. A new product may take as long as one year to test, and the associates give the final word on taste.

As chief executive responsible to five directors for over-all management, McGillis finds his usual nine-hour day is barely enough to fulfill all duties with the result that it is usually 6:p.m. before he drives (in a '55 Cadillac) to his six-room home in the Leaside suburb of Toronto.

His car was responsible for a telegram he recently received from an old friend in the car business when his appointment was made public. The telegram read "New president; need new car." McGillis' studied reply was, "Old president; drive old car. Regards—".

Living Habits: McGillis and his wife prefer "a quiet existence" with their three daughters. For relaxation he and the family can be found almost any week-end in their eight-room winterized cottage at Terra Cotta, in the Caledon Hills district. At home he enjoys reading or listening to music pumped from his hi-fi set. He is still enthused over his last vacation two years ago when he and his wife took a freighter to Venezuela and the Barbados for six weeks—"It was one of those unforgettable experiences we all have some day".

The Future: The slight 5'8" McGillis looks ahead to gradual expansion for his firm. And he doesn't feel a sagging economy will affect sales a bit—"we find that sales in depressed areas usually increase. People use candy as a morale builder. I guess the sweetness makes them forget their own bitterness."

Be Objective...

In our opinion, investment should be objective. It should have a purpose and once the purpose is clearly defined, then securities can be selected to accomplish that purpose.

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Gold & Dross

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Dominion Oilcloth

I would be interested in your comments on the prospects of Dominion Oilcloth & Linoleum shares. — S.S., Quebec City.

Dominion Oilcloth is operating in a relatively active industry, prospects for which are closely tied to the modern trend to home improvements. Although the floor-covering field is quite competitive the company managed to increase net profits by some 22% in the fiscal year ended October 31, 1957 over the previous year. The company pays dividends of $1.60 a share regular plus 50 cents extra and this rate is protected by earnings which amounted to $2.78 a share in the latest fiscal year. Financial position is strong, net liquids being $5.6 millions. The company has only 760,000 shares of stock outstanding.

Steep Rock

Please bring me up to date on the situation at Steep Rock. — M.T., Windsor.

Net profit of Steep Rock Iron Mines in 1957 totalled $7,911,000 or 98 cents a share versus $13,217,000 or $1.64 a share the previous year.

Shipments of 2,348,538 tons of high-grade iron ore were the second highest in the company's history and compared with 3,317,000 tons the previous year.

Working capital at the end of 1957 totalled $10.3 millions, despite expenditures of approximately $14 millions for expansion and provision of $1.66 million for redemption of first mortgage bonds not due until December 1st 1958.

The decline in steel operations during the second half of 1957 resulted in a reduced demand for iron ore but the industry view is that this condition will improve as 1958 progresses. For the long range, Steep Rock officials predict progressively greater iron ore consumption regardless of short-term uncertainty. They quote a recent study indicating progressive growth in iron ore demand with an increase of 75 per cent by 1984.

Steep Rock's third open-pit mine will be ready for production this year. The company also has one underground mine in production and another under development. It is working steadily towards its objective of bringing the annual capacity of its own mines up to 5.5 million tons. This, with the 3 million-tons annual capacity under development by Inland Steel Company of Chicago on an area leased to the Steep Rock Company, will raise total capacity of the Steep Rock property to 8.5 million tons a year.

Coldstream Copper

Is there any explanation for the extreme decline in Coldstream Copper stock? — B.F., Edmonton.

As the price of copper goes, so go copper stocks. The red metal is down from 50 cents a pound two years ago to about half that price. While there is nothing on the horizon at this time to indicate a substantial recovery in the metal, a considerable body of well-posted opinion looks for it to work back to around 30 cents a pound. In the meantime, many copper producers have a tough row to hoe.

Coldstream decided to cease operations as soon as possible after it had determined the capacity of the mill which it recently put into operation. The mill is nominally rated at 1,000 tons a day but operating problems, which are not unusual in new plants, made it difficult to reach this rate.

Golden Manitou

A rundown on Golden Manitou from the standpoint of the investor would be appreciated. — D.N., Halifax.

Golden Manitou is highly speculative but it may well turn out to have been cheap at recent prices. As with other metal producers, the company's prospects hinge mainly on the prices of metals. These are now generally down considerably from their postwar highs but it may be significant that the most bearish sentiments regarding them are now being expressed by the people whose bullishness knew no bounds when metals and metal shares were at their highs.

Golden Manitou is a copper-zinc producer in the Val d'Or section of Quebec and was able in 1957 to ring up an operating profit. The year's production reportedly averaged a value of $230,000 a

month ($2,760,000 for for the year) versus operating costs of $2,560,000. The company has 3,500,000 shares outstanding.

The company treated 470,000 tons in 1957, at the beginning of which it had ore reserves of 645,000 tons of 6% zinc and 4.86 ozs. silver per ton above the 2,790-ft. level in the zinc section and 800,000 tons of 0.9% copper from the 300-ft. to the 800-ft. horizons in the copper section.

The property has two sections: zinc and copper. Final compilation of ore reserves at the end of 1957 was expected to show copper tonnage down with grade higher. Zinc reserves were expected to be maintained.

As indicated by operating figures above, the mine is highly marginal but if metal prices improve it would get a new lease on life. It is apparent that with the recent valuation of the shares, the market is not placing a premium valuation on plant, property and liquid assets.

It may be of interest that Golden Manitou is controlled by a group which has been active in mine financing and development and the chance of the company being used as a vehicle for operation of some interesting prospect is not to be dismissed. The company had some years ago financed Barvue, which was a casualty of declining zinc prices. If the zinc market had stayed strong for a year or two longer, it would have been in clover.

Bralorne

How do you account for the strength in Bralorne?—D.J., Toronto.

Development work at Bralorne, which was necessarily postponed for several years, has been getting results which indicate that the high hopes for this Bridge River, BC gold mine are well based. This is a rich and lively property; its stock would probably sell higher if the location were in some area closer to the investment markets of this country. As it is, its distance has tended to make eastern investors neglect it.

BC Power

Some indication of the facts upon which your optimistic appraisals of B.C. Power Corp. have been based would be helpful. — B.A., Toronto.

Few sections of Canada are as rich in natural resources as British Columbia, where nature's bounty is in the form of forests, minerals, water — and location. The resources of the west-coast province are particularly inviting to the entrepreneur in view of its adjacency to the burgeoning Pacific Northwest and California markets. The San Francisco-Oakland area is an actively expanding industrial area. All this adds up to a ready market for British Columbia's natural resources. Not

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DIVIDEND NO. 285

NOTICE is hereby given that a dividend at the rate of thirty-five cents per fully-paid share on the outstanding Capital Stock of this Bank has been declared for the quarter ending April 30, 1958, payable at the Bank and its branches on May 1, 1958, to shareholders of record at the close of business on March 31, 1958.

BY ORDER OF THE BOARD
J. P. R. WADSWORTH,
General Manager

Toronto, March 14, 1958

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PREFERRED STOCK DIVIDEND NO. 14

NOTICE is hereby given that a Dividend of 32.8125 cents per share has been declared on all the outstanding 5¼% First Series Preferred Shares of the Company, payable April 1st, 1958, to shareholders of record at the close of business on March 14th, 1958.

By Order of the Board
"K. S. C. MULHALL,"
Secretary Treasurer

Calgary, Alberta
February 25th, 1958

THE TORONTO MORTGAGE COMPANY

QUARTERLY DIVIDEND

Notice is hereby given that a dividend of $1.25 per share upon the paid-up Capital Stock of this Company has been declared for the current quarter, and that the same will be payable on

1st APRIL, 1958

to shareholders of record on the books of the Company at the close of business 14th March, 1958.

By order of the Board.

CHARLES J. PETTIT,
Manager

March 6th, 1958.

STELCO

THE STEEL COMPANY OF CANADA, LIMITED

DIVIDEND No. 187

Notice is hereby given that dividend No. 187 of forty cents (40c) per share for the quarter ending March 31, 1958, has been declared upon the shares of the Company, payable Thursday, May 1, 1958, to shareholders of record at the close of business Thursday, April 3, 1958.

By Order of the Board,
R. B. TAYLOR,
Secretary.

Hamilton, Canada, March 7, 1958.

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the least of these is her water power which, applied to bauxite ore from the Caribbean, makes aluminum (Kitimat-Kemano). This metal is much in demand for California's aircraft, agricultural and manufacturing industries.

The province of British Columbia is developing rapidly and her residents are showing great capacity to consume energy and other services which British Columbia Power Corporation provides. The company's program of expansion is seemingly limitless. It takes capital and in the provision of this shareholder benefits — either because of profitable stock-subscription rights he receives or by reason of the increase in the leverage of his stock when the company borrows money.

To get a better grasp of the BC economy and what it means to BC Power Corp., you should study some economic geography in conjunction with a map of the westerly province. This is the procedure of the American capitalists who are latching onto such an increasing portion of Canada's resource industries.

You're on the right track or you would not have put your question in the first place.

Cons. Marcus

Is Cons. Marcus operating? — P. W., Toronto.

Controlled by the adjoining Cochenour Willans Gold Mines, the Consolidated Marcus property is the object of investigation via an exploratory drive to it from the 1100 or bottom level of Cochenour. Marcus is located between Cochenour and the carriage-trade Campbell Red Lake Mines and is believed to warrant a thorough underground test.

Depreciation and Taxes

I am somewhat puzzled as to what governs the amount of depreciation a company takes. In some cases depreciation is heavy, in others light. Where it is heavy, earnings suffer; where light, should not earnings be better than they appear? — K.F., Winnipeg.

Depreciation is an expense of doing business. The amount taken is not necessarily closely related to the rate at which buildings or equipment wear out or become obsolete. It is probably the maximum amount a company can write off for income-tax purposes.

Inflation has complicated depreciation. With depreciation rates based on costs rather than replacement value, it is apparent that amounts taken for depreciation may not be adequate to provide for replacing plant and equipment. In consequence, many companies will find in a few years that they having been mining their physical assets. This is an aspect of corporation operations which has not received

the emphasis which might be expected but management is now becoming vocal about it.

The tempo of the economy is closely tied to the rate of capital investment. This could be seriously reduced if the government continued to penalize companies by basing depreciation allowances on old cost scales rather than current ones.

Depreciation enters into the investor's appraisal of a situation. If, for example, depreciation charges are heavy in relation to the actual rate of wear or obsolescence of plant and equipment, considerable importance is attached to cash flow or total of net earnings plus depreciation.

On the other hand, if depreciation charges are low in relation to actual wear and obsolesence, net earnings will not be true ones. Thus, a company could appear to be in flourishing condition whereas it is heading for trouble.

Moore Corp.

Is there anything new on Moore Corp. to encourage the stockholder? — K.N., Halifax.

A business like Moore Corporation does not generate news like a mining company but, by continually adding new pieces, the picture of the company's position and outlook regularly expands. Paper work in business and industry is increasingly complex and costly and Moore is in the forefront of a trend to applying automation to paper work similar to that applied to manufacturing process. This is via its major product: business forms. Additionally the company is in the box, packaging and advertising-display field. And don't overlook that its operations are largely in the United States and that management is of the highest calibre.

In Brief

How does McKenzie Red Lake stand? — B. N., Montreal.

McKenzie stopped development work and placed the mine on a salvage basis. It may last for a couple of years before writing "finis."

Anything doing at Temagami Mining? — N.K., Ottawa.

Stockpiling ore found in development work, pending an improvement in the price of copper.

What is the status of Alpha Mining? — K. A., Vancouver.

Omega.

Is Arsenic Lake still operating? — B. F., London.

Dormant.

How is Axis Gold Explorations? — L.S., Montreal.

Ceased turning.

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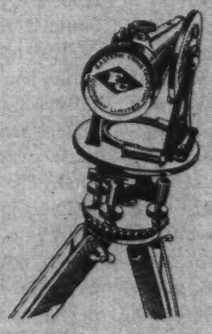

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Insurance

by William Sclater

Prospective Earnings

As a manufacturer I have tendered on a contract job at a much lower rate than my competitors but my tender is based on my being able to import a machine which I have on order and which will greatly increase my hourly rate of production and reduce my overall cost. My tender is accepted and there is a time factor on delivery. If this machine fails to arrive on time or suffers damage or delay on the way I stand to lose a lot of money. Is there any insurance policy which will cover me in this contingency against loss? — R.L., Toronto.

Yes there is. You can purchase a policy that will not only insure you against loss in these circumstances but will also guarantee your normal profit, even if you don't make it because of the factors you refer to. It is called Loss of Earnings insurance and your fire and casualty agent can get you full particulars.

It is not too well known as yet but what it does is cover perils beyond the basic fire hazard that might damage or delay the arrival of the machine. A roadbridge or culvert may collapse; a ship may sink or get stranded. In the basic form this insurance protects against loss of earnings due to fire, windstorm, explosion, hail, earthquake, flood, landslide, bridge or culvert collapse, collision or derailment of public conveyances, theft.

A broad-risks form is available but it is always advisable to make sure your underwriter endorses any special hazard, like sabotage or malicious mischief that is not normally covered if you think there is need. Leased or rented equipment must be endorsed. This coverage may be written with or without a co-insurance clause as it best meets the risk.

Accidental Death

What are the biggest causes of accidental death for adults and children in Canada? I am interested from the viewpoint of accident insurance as separate from sickness insurance. — P.S., Fort William.

Motor vehicle fatalities lead by a wide margin. According to the Bureau of Statistics motor vehicle accidents accounted for 3,559 accidental deaths in 1956 in a total of 9,271 fatalities, or 38%.

What is especially interesting to the average citizen is that accidental falls were in second place to motor vehicle fatalities as a cause of death in Canada and take an even greater toll than tuberculosis. Accidental death from falls accounted for 1,582 lives in 1956, or 17% of the total. A breakdown of these statistics shows that more than 50% of fatal falls occurred in and around the home. Older people were the principal victims, those over 65 accounting for 75% of the total.

The growing number of accidental deaths to children is causing concern to some authorities, being rated as high as 35% in the 10-14 age group. Gross negligence is blamed for eight out of ten accidental deaths in the one to five age group. Pre-school age children suffering death from accidental falls were mostly falls from windows or porches. More than 63% of fatal falls of school-age children are from roofs, trees, swings and walls.

For Diabetics

Can a sufferer from diabetes buy life insurance? — H. A., Calgary.

Yes, in certain circumstances. Life insurance companies are taking on risks formerly classified as uninsurable, on an experimental basis in recent years. Provided proper treatment is taken and good control established, life insurance is available on a moderately sub-standard basis. New surgical and medical procedures are also opening new insurance possibilities to ulcer and coronary sufferers.

Lesson for Drivers

Isn't it true that in New York state the compulsory liability insurance law there is forcing many drivers off the roads because the insurance companies either will not sell them liability insurance or, if they do so it is at such increased rates that many cannot afford to pay. Won't this mean that New York state taxes will have to be used to subsidize these drivers to buy insurance so that they may go about their business?—K.D., Toronto, Ont.

If New York state ever subsidizes bad drivers to buy liability insurance then you can expect the Mississippi delta to freeze in July. These drivers who find it difficult to buy liability insurance are drivers with such bad accident records no insurance company is going to take a chance on them, except at high rates. There is no good reason why you and I should subsidize them and that is what we would be doing if we allowed them to buy insurance at normal rates and guaranteed the difference.

Actually the insurors are doing the job of a police factor in such cases by forcing poor drivers off the roads because their accident record is such that they are unable to qualify for liability insurance at normal rates. If this interferes with anyone's mode of living then they had better look for another way of life less damaging to their fellow citizens. We can't all be normally good auto drivers any more than we can all be good horseback riders or swimmers. The poor driver always has an option. He can take lessons to improve his driving habits.

Savings Plans

What is the maximum amount I can deduct as an allowable expense aginst income if I buy a registered retirement savings plan? Can I decide for myself when the retirement income will start or do I have to take the insurance company date?—A.F., Liverpool, N.S.

Allowable maximum deduction is 10% of your income or up to $2,500 per annum, whichever is the lesser provided you put this amount into a retirement savings plan that is registered. There is an exception in the case of employees who are covered by a regular employer-employee pension plan registered. In their case the maximum deductible amount is $1,500 or 10% of earned income, whichever is the lesser. You can pick a retirement age to suit your requirements, subject to the terms of the policy but bear in mind that this income is then subject to tax.

Auto Damage

Do I have to take whatever figure my insurance company adjuster sets for repairs to my auto following a collision I am insured for? I think he should allow a lot more than he has figured. What can I do? —J. McT., London.

Read the Statutory conditions of your policy form. There are clauses there that govern procedure in case of disagreement. Both Insured and Insuror can select an appraiser in case of dispute and a disinterested umpire can arbitrate if the appraisers disagree. But decision of the umpire and one of the appraisers is binding.

Compulsory Limits

What are the New York State Compulsory Auto insurance requirements? — E.J., Halifax.

Same as Ontario. Public liability insurance is required in the minimum amounts of $10,000 and $20,000 and Property Damage insurance minimum of $5,000.

Spoon-Fed

CONTINUED FROM PAGE 9

enchantment, and I too can get a kick out of driving down the St. John River valley; out of strolling along Quebec's Dufferin Terrace; from looking up at the towering peaks of the Cascade range in the Rockies; or from suddenly coming across an Ontario town over the brow of a highway hill. These things, and many more, are wondrous things to me, but they do not inspire patriotism.

Even among those of us who came from countries that have been ground down for decades by tyranny and dictatorship, the love of the country of our birth takes precedence over our feelings for the country of our adoption. An anti-Canadian speech at a Polish or Ukrainian rally might be met with scorn, but an anti-Polish or anti-Ukrainian speech would be an invitation to mayhem.

But enough of those who are immigrants, or their sons and daughters. What about the English-speaking Canadian whose family has lived here for several generations?

The self-appointed spokesmen for the "native" Canadians are just as divided in their loyalties as are the more recent arrivals. It is often difficult to tell from their published resolutions whether the members of the Imperial Order Daughters of The Empire are imperialists, British jingoists, or Tory believers in the indestructibility of the Empire. The descendants of the United Empire Loyalists think of themselves as Canadian patriots, yet they are Canadian only because their forebears fought on the losing side in the American Revolution.

I am often amazed to read letters-to-the-editor from writers who sign themselves "Fourth Generation Canadian". These "patriots" are generally angry over somebody proposing a Canadian flag that does not include the Union Jack, or else they are screaming at the French-Canadians who want to change the name of Montreal's Queen Elizabeth Hotel to Chateau Maisonneuve. It is quite apparent to me that the majority of Canadians, no matter how long their families have lived in this country, have a divided loyalty, just as I have.

My generation was the one that graduated from school into the depression. That great Canadian patriot, R. B. Bennett, then Prime Minister, sent us into relief camps to work for 20c a day. Then when he was defeated at the polls, he moved to England and a viscountcy.

For years now I have been bored to death by the wrangling about a Canadian flag and a Canadian national anthem. Personally, I intend to live in Canada whether our flag is the Union Jack, the *Fleur de Lys* or the Skull and Crossbones. I don't care whether a concert is ended with the playing of *God Save The Queen*, *O Canada*, or *Mairzy Doats*.

For those to whom nationalism is a pressing affair, take heart, for there is a new generation growing up. This new generation seems to know what it wants, which is more than it can say for its parents. A national survey completed a few months ago by *Canadian High News*, the teen-ager's newspaper, showed that the next generation is far more nationalistic than any that preceded it. These high-school students, from Victoria to Halifax, when asked, "Do you think Canada should have its own national flag?" answered with an overwhelming "Yes", 83.7 per cent of them as against 13 per cent who didn't think so. To the question, "Do you think Canada should have its own National Anthem?" 73.7 per cent answered in the affirmative, and 23.9 per cent were against it.

In 1937, H. G. Wells said, "The crazy combative patriotism that plainly threatens to destroy civilization is very largely begotten by the schoolmaster and the schoolmistress in their history lessons. They take the growing mind at a naturally barbaric phase and they inflame and fix its barbarism." The type of patriotism Mr. Wells talked about is something we'll never have to worry about here. Our history, or at least the teaching of it, is too insipid to inspire anything but boredom.

There are hundreds of thousands of Canadians, educated in this country, who can't differentiate between the Seven Years War and the War of 1812. Most of them think Cornwallis is the name of a Halifax street, and Laura Secord just the name of a candy company. Our modern history is even dimmer to the younger generation. They can tell you about the Battle of the Bulge and Bastogne (thanks to American patriotic propaganda over TV) but they are completely unaware of the tremendous part played in both World Wars by the Canadian forces.

Our lack of patriotism may be blamed on the history we were taught in school. It can also be blamed on the acceptance by our government leaders of the belief that we are a second class country, willing and eager to accept a pat on the head once in a while from the United States and Great Britain. Or it may be blamed on the fact that artistically and culturally we are cowards, our biggest industry being the export of art, culture and brains.

Samuel Johnson said, "Patriotism is the last refuge of a scoundrel." I don't think Canada's professional patriots are scoundrels. From where I sit they sound more like silly fools, who try to push patriotism down our throats like Pablum. And that's even worse.

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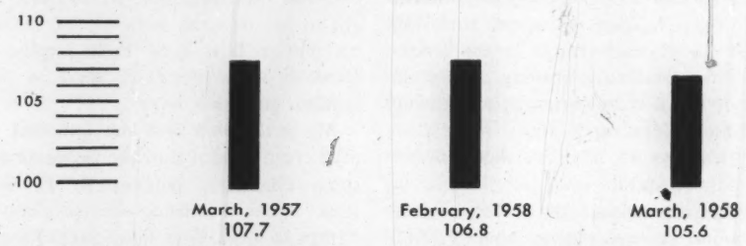
Saturday Night Business Index for March



(Saturday Night's Business Index is a compilation of statistical factors bearing, generally, on Canada's gross national product. It is designed to reflect pace of economic activity. The base 100 is drawn from 1955 data.)

Indicator Table	Unit	Latest Month	Previous Month	Year Ago
Index of Industrial Production (Seasonally Adjusted)	1935-39 =100	271.6¶	276.3	290.1
Retail Trade	$ millions	1,432¶	1,269	1,444
Total Labor Income (Seasonally Adjusted)	$ millions	1,282¶	1,288	1,242
Consumer Price Index	1949=100	123.7†	123.4	120.5
Wholesale Price Index of Industrial Materials	1935-39 =100	232.5†	231.8	248.4
Inventory, Manufacturing Industry (Held & Owned)	$ millions	4,855¶	4,898	4,608
New Orders, Manufacturing Industry	$ millions	1,711¶	1,682	1,966
Steel Ingot Production	1000 tons	363.8†	387.4	413.4
Cheques Cashed, 52 Centers	$ millions	19.24¶	18,219	17,865
Imports for Consumption	$ millions	401.1‡	395.3	459.0
Exports, domestic	$ millions	389.5‡	453.3	403.4
Contract Awards (MacLean Building Reports)	$ millions	181.4†	190.3	197.6

¶ December ‡ January † February

by Maurice Hecht

THE CONTINUED downtrend in the economy hasn't dented confidence too deeply so far. Here are a few reasons why:

Preliminary capital investment estimates for 1958 predict an $8.5 billion program, compared to the actual $8.7 billion figure of 1957. The forecast a year ago was for $8.5 billion but it was upped at midyear.

Backbone is the outlay for housing and social capital. Government spending will play a decided part. Machinery and equipment expenditures for manufacturing will drop 10 per cent from 1957. Much of this is imported so the full drop will not be felt by native industry.

MacLean Building Reports for the first two months bear out the forecast. Construction contract awards are 14 per cent ahead of the same time last year. Housing is up 116 per cent, engineering up 82 per cent, but industrial construction awards dropped 72 per cent and business building six per cent.

The actual change over the past months in the direction of the wholesale index of industrial material prices is also a sign of economic improvement. This index reversed a year-long tumble last November. What the change means is that basic commodity prices—the first to drop—have stiffened.

But there are bleak signs, too. The index of industrial production continues its steady decline. Total labor income—reflecting unemployment, hours worked and wages—is still dropping. The consumer price index reached a new high, mainly because of food costs. New orders in manufacturing show no sign of edging upward even though inventories are definitely shrinking at last. Steel ingot production is low.

Retail sales are holding up well. There are no big gains but there is no indication of a reversal.

Lourdes

CONTINUED FROM PAGE 17

cessions, chants or pilgrims and magnificent rituals.

Many sightseeing tours guide the traveler not only through Lourdes, but to the wonders of the surrounding countryside. These include peaks in the Pyrenees reached by telepherique, the natural rock amphitheatre called the Cirque de Gavarnie, the remarkable 13th century walled town of Carcassonne (150 miles distant), and the small Basque villages like St. Jean Pied-de-Port.

His Holiness Pope Pius XII has proclaimed 1958, the year of the Lourdes Centennial, a Holy Year for all members of the Roman Catholic faith. In a special Proclamation of July 2, 1957, he stated in part:

"Today again We turn toward the famous sanctuary which is now preparing to receive the crowds of centenary pilgrims on the banks of the river Gave . . . At this spring, where gentle Bernadette was the first to go and drink and wash, there will flow away all the miseries of the soul and body . . . . There is everything to invite the Christian to this action of sanctification, for nowhere except, perhaps, at Lourdes does one feel so moved to prayer, to the forgetting of oneself and to charity."

Some Principal Religious Celebrations at Lourdes are: July 16, The anniversary of the 18th vision; August 5, The Day of Perpetual Adoration; September 8, The Nativity; First Sunday in October, The Feast of the Holy Rosary; December 8, The Feast of the Immaculate Conception.

All disabled people arriving at Lourdes are given the free services of the "brancardiers" or stretcher-bearers, who meet every train. Many of these "brancardiers" are those who claim to have been cured at Lourdes, and who therefore volunteer their services in gratitude.

In the 100 years since the first vision of Bernadette, the Church has accepted 54 cures as being genuinely miraculous. Many thousands of others seem to many minds to admit of no natural explanation. A permanent medical committee functions at Lourdes for those who wish to have their cases recorded.

The water of Lourdes is used both for drinking and for bathing by the pilgrims. An interesting fact observed by both the religious and non-religious; though millions of pilgrims have bathed in the water with every kind of disease, no kind of contagion has been reported. The water itself has been scientifically analysed on many occasions, but has been found to yield no more material properties than the water from any mountain source.

For Centenary Year, the fence that was formerly in front of the niche where Bernadette saw her vision has been taken away. An additional bridge has been built across the river, affording a viewing-place for many more people.

Special trains, planes and buses will operate between Lourdes and other key points during 1958. Among them: Sabena Belgian Airlines flights between Lourdes and the Brussels Worlds Fair. Lourdes is a town of 16,500 inhabitants, situated at a height of 1,300 feet in the Pyrenees mountains in southwest France. It is 495 miles from Paris. The Gave river separates the town into two sections. To the east lies the old town and business district; to the west the grotto of Massabielle where Bernadette saw her vision, and the attendant places of worship.

A magnificent castle stands on the summit of a rock, reminder of the time when the town was a strategic military outpost for the Counts of Bigorre, who, in the Middle Ages, fought a succession of armies who crossed the Pyrenees.

There are three churches in the confines of the community as well as the new one built for the Centenary, the Basilica of Pius X, which is underground and can hold a congregation of 20,000. The house where Bernadette was born still stands and may be visited by tourists as can other places in the town associated with her life.

For the tourist, there are approximately 340 hotels, as well as a number of pensions. The three best hotels, rated in first class categories are the Bethanie, the Moderne and the Imperial. The airport is at Ossun, six miles away.

"Puts" & "Calls"

CONTINUED FROM PAGE 18

concerned that it might not hold the gain despite some favorable indications. When the stock did fall Mr. B. was still able to sell out at $50 at a cost of only $300 plus normal brokerage. Had the stock continued to rise instead of falling, Mr. B. would have allowed the put option to lapse.

To use puts and calls successfully then requires considerable technical market knowledge and an informed evaluation of the stock under consideration. It definitely is not a field for the "heads I will tails I won't" type of speculator.

As a trading and investment device, puts and calls are not new; they are probably about as old as organized securities markets. But they are largely unfamiliar to North American investors and virtually unknown to Canadians.

Since the Second World War, however, with increased public participation in stock markets their use has boomed in the U.S. On the New York Stock Exchange, for example, while the total of all trading increased 113% between 1944 and 1957, the volume of put and call options soared 600%. Recently clubs of persons who sell put and call options—"writers" as they are known—have been formed.

It was against this background of booming U.S. interest that a Toronto stock dealer recently formed the first Canadian firm specializing in trading in puts and calls. The firm, J. A. Kennedy Ltd., acts as a clearing house for buyers and sellers of put and call options. Kennedy says he can provide a market in options for any industrial stock and most of the higher grade mining issues. He says he plans to begin publishing soon, through newspapers, daily quotes on the prices of put and call options. Options are not traded through the Toronto Stock Exchange but each option contract is endorsed by a member of the Exchange as a guarantee of fulfillment.

The price of an option is the determining factor in its profit potential. On any stock on which puts and calls are traded these are the points which underlie the option's price:

Liquidity. Options on a stock with a relatively thin market will probably cost more than options on a stock that trades regularly and in good volume.

Volatility. If the stock has a history of sharp, frequent price changes options will probably cost more than on a stock which moves more slowly.

Seasoning. Options on stock of a recently formed company will probably cost more than options on stock of a company with several years of market history.

Duration of contract. Options may generally be bought for 30, 60 or 90 day or six months periods. The longer the period, the higher the cost of the option.

Price of the stock. Options on high-priced stock cost more than options on low-priced stock but on a percentage basis, costs would be about the same if other factors were equal.

Competition. As option dealings increase with more buyers, writers and dealers, prices tend to become lower.

Trading in puts and calls breaks down into two categories,—buying and selling. A buyer of a put or call option may be anyone who believes a particular stock is going to make a substantial move within a reasonably short term or who wants to protect an investment he already holds against an adverse market move. A seller, however, is usually either an institution with large holdings or an individual with large holdings or a substantial cash position.

Here are the principal ways a buyer can use calls:

To buy stock with a relatively small investment in the expectation the stock will soon advance. This is the case of the

investor who buys a 60-day call on 100 shares of stock at $50 for $300, exercises the option and sells when the stock reaches $60 for a profit of $700 less normal brokerage charges.

To capitalize on a gain in a current long position and still hold stock in case it continues to gain. An investor may have held 100 shares of a stock as it rose from $40 to $50 a share. He feels it may go higher but is unwilling to risk his current "paper profits". He sells his long position and buys a call on another 100 shares at $50 for $300. If the stock drops to $45, he lets the option lapse and chalks up a loss of $300. Without the option he would have lost $500. If the stock climbs to $55 he exercises the option and sells out for a new profit of about $200.

To protect a short sale. Purchase of a call option on the same number of shares and at the same price at which the stock was sold short protects the trader against a rise in the stock's price.

Averaging out. After a sharp drop stocks often react to recapture part of the loss. Purchase of a call contract creates leverage to recapture losses.

These are the uses of puts for buyers:

To go short. A trader who thinks a stock is going to fall but who is unwilling or unable to meet margin requirements and wants to avoid the other risks of going short, such as being called for delivery, can buy a put. Suppose the stock is selling at $25 and the trader believes it will fall to $15. He then buys a put — an option to sell — on 100 shares for 60 days at a cost of $150. If within the contract period the price does fall to $15, the trader buys on the open market and exercises his put contract to sell at $25. His profit then is $1,000 minus the cost of the put, or $850 less normal brokerage. If the stock rose, his loss would have been limited to the cost of the contract.

To protect a profit. This is the case of Mr. B who bought his 90-day put on 100 Mammoth Industries at $50 for $300. When the stock dropped to $40, Mr. B's loss was limited to $300 instead of $1,000. If the stock had continued to rise he would have profited further on any gain of more than three points. A put can also be used in a similar way to protect any long commitment.

Selling puts and calls can also be profitable. A seller or "writer" of puts, for example, can buy securities at less than market price and a writer of calls can sell stock at higher than market prices. It works this way.

An investor decides to sell a put on 100 shares of stock at $50 for $300. In effect this means that for a $300 consideration he will buy 100 shares at $50 anytime within the life of the contract. If the stock drops to $45 and the contract is exercised he must buy the stock. But he buys it at an effective cost of $42 a share —three points under the market price at the time he decided to acquire it. If on the other hand the stock rises and the option lapses, he has a profit of $300.

Selling stock at a higher than market price by selling calls works this way. An investor decides to sell a call on 100 shares of a stock at $50 for $300. This means that for a $300 consideration he will sell his 100 shares at any time during the contract period for $50 a share. If the stock rises and the option is called he has sold his stock at an effective price of $53 a share. If the stock declines and the option lapses, he profits by $300.

Puts and calls may be combined and are referred to as "straddles". To straddle, a writer sells both a put and a call at the same price on the same stock for the same length of time. Each may be exercised independently of the other. A straddle writer is usually interested in buying more stock of the company for which he has sold the straddle at a lower than market price and selling above the market.

An investor holds 100 shares of stock currently priced at $50. He wants to buy another 100 at $46 or sell his current holdings at $54. To effect this he could sell a straddle at $50 for $400. In this case, if the stock declines and the put is exercised he must buy 100 at $50 but, because of the straddle sale, effectively $46. If the stock rises and the call is exercised he must sell 100 at $50 but, again, because he sold the straddle for $400, he sells at an effective price of $54.

That, in outline, is the way puts, calls and straddles work and how they can be used. They can be exceptionally profitable. It is estimated that New York writers earn as much as 50 per cent of their invested capital in good years and as much as about 20 per cent in less satisfactory years. But buying and selling put and call options to be successful requires a high degree of technical market knowledge—charting for example—and a realistic appraisal of the company whose stock is to be optioned.

Of the two, the technical market knowledge is probably more important. For only by being able to judge in what direction, how soon and how far a particular stock is apt to move can an option buyer or seller calculate the profit possibilities and margins in any contemplated deal. Successful dealing will require a high degree of market sophistication.

Politics

CONTINUED FROM PAGE 13

In fact this campaign is much filled with yet uncrystallized feelings of many Canadians about such matters as United States investments in Canada, control over the Arctic and over our own air-space for our common defence needs, erratic U.S. import policies affecting our exports of oil and base metals, the continuing struggle against "give-away" and the need to have our agricultural products, to say nothing of our manufacturers, find an easier access to the American market. Mr. Pearson, of course, has never been soft-spoken where the United States is concerned. He has said tough things with a cheerful candor that is the hallmark of his political finesse and he said them a long time before many politicians, both Liberals and Conservatives, took up the cue.

Mr. Diefenbaker tries to go farther and to give the impression that a firmer line can be expected from his government in dealing with the Americans. To which the Liberals reply that this already has led to "retaliation" and may bring even more glancing blows from an irritated Congress or Executive able to more than hold its own in any struggle between the two economies. Here is a debate in the arena of our foreign political and economic affairs that could go to the very heart of our existence as an economy and a society.

Yet it would be fictional to pretend that the present debate in general reveals a wide gulf beween the major parties in foreign policy. Gulfs there may be on tactics, on the nuance of one approach as against another, on problems of timing and on words and their emphasis; but on basic questions the Conservatives and the Liberals cannot be too far apart. It is as if there were a tacit understanding that for the very serious questions of our time there are no Canadian answers that either are uniquely Canadian or, if they do originate with us, that will directly move great events along the course we may wish to have them go. If we take the outstanding matters of foreign policy that should trouble the sensitive Canadian, these might well be listed in the following priority: disarmament with the cessation of nuclear testing and the production of nuclear weapons; the unification of Germany and the withdrawal of the U.S.S.R. from direct control over its European satellites with the possibility of a nuclear-free zone in Central Europe; Communist China and her relations with the United States as well as her far eastern neighbors; the Middle East with particular reference to the relations of the Soviets and the West in the future function of great power activity in that area; the future of NATO not only as a military instrument but as a consultative device to insure a higher degree of political integration among members of the Atlantic alliance; and, finally, the reliance we shall place upon the Commonwealth and the United Nations as instruments of our international policy.

On all of these issues—Korea and Indo-China might be added as other areas from which danger has not disappeared—can it be said that there is a Conservative, a Liberal, a C.C.F. or a Social Credit

policy? Putting aside for a moment the peculiar aberrations from which some members of the two minor parties suffer such as the doctrinaire pacifism on the extreme left wing of the C.C.F., and the primitive fears and misunderstandings of international political and economic activity that is the mark of some of the less convincing members of Social Credit—it would be difficult to find a true division between the parties on the great issues of our day. Neither Mr. Pearson nor Mr. Diefenbaker, if their opinions are asked officially in the next few weeks, are likely to advise disarmament or the cessation of nuclear testing without effective controls that will assure similar policies by the Soviets. In the case of Germany, considering his own Saskatchewan background of much ethnic contact and awareness, Mr. Diefenbaker might be very sensitive to the urgent desires of the German people for unification; but doubtless he would strongly resist any proposals to permit a West German government to negotiate with East Germany for anything short of free elections and for the right of the succeeding unified government to choose its own international obligations either inside or outside of NATO. Mr. Pearson would take a basically similar line, although perhaps he might see in George Kennan's recent arguments something to be valued not for Kennan's specific recommendation of "disengagement", but rather for the invitation to reexamine with both realism and hope the conditions of our present stalemate. For Mr. Pearson, the professional diplomat, the avenue always to be pursued is that lined with invention and ideas, any one of which may just be appealing and practical enough to suggest a new way to a working peace.

Nor are we likely to find that Mr. Diefenbaker and Mr. Pearson are very far apart on their estimate of the Middle East and on their view of the desirable limits or extent of a Canadian role in that sensitive region. Both are personally and politically very sympathetic to the attempts of Israel to survive and progress and to obtain Arab acceptance. But neither are wholly unfamiliar with the fears of the Arab world, however neurotic they may be, that Israel represents a "threat", an outpost of western "imperialism" on the edge of Islamic society. Possibly the only difference one might detect between the two leaders on this issue is that Mr. Diefenbaker is likely to have a quicker initial response to the changing lines of British policy and he would not be anxious to impede in any way the delicate task that Whitehall faces in maintaining the semblance of British authority in Aden, in the Gulf and in Iraq. But here too, in the end, the initial sympathy would not mean a Canadian policy that would try to justify a great gamble such as Suez—although the Conservatives seem to pretend that they would not have acted quite as Mr. Pearson did when Canada abstained on the resolution inviting British and French withdrawal from Suez, and when we proposed UNEF as the device to restore order and to get the British, the French and the Israelis out of the canal and the desert.

On Communist China Mr. Diefenbaker has shown a certain experimental *élan* in his semi-official trade mission of some weeks ago. But in the end he faces the hard decision, as Mr. Pearson has had to do before, as to whether Canada can go its own way on this issue of recognition, indifferent to the strong position of the United States and the extent to which American public opinion remains sensitive to the memories of Korea, of brainwashing, of charges of germ warfare, of the pressures on Quemoy and on the Formosa Government. In short, Mr. Diefenbaker could not ignore the complex threads that have for the time being made diplomatic disentanglement between Washington and Peiping a heroically postponed task.

Oil and base metals to the United States, free trade with Britain and Europe, American control of Canadian plants and resources, sympathy with the Commonwealth, balanced with realism, wheat and "give-aways", Dulles, the Soviets, and rigidity in American diplomacy, all of these have immediate significance for Canadian politics, for voters in this election, for parties searching for the allegiance of the people. The day is now long past when the academic line to be drawn between overseas affairs and the domestic front provided a comfortable moat behind which we might execute our quadriennial gyrations in an electoral square dance on the hustings, and move indifferent to tunes from other lands. Today we sway to a universal orchestra beating out the theme of our common humanity while our politics in a remote prairie constituency or a crowded urban riding all must vibrate in response to these deeper ryhthms that know nothing of frontiers.

Coyne

CONTINUED FROM PAGE 15

careful examination of conditions and trends to be most profitable for the permanent maintenance of a high level of prosperity in Canada. One of the charges brought against Mr. Coyne and pressed at intervals by Progressive-Conservative politicians was that he was primarily responsible for a policy of "tight money", which had led to the present recession in industry and business and had particularly adverse effects upon residential construction, an important buttress of the national economy. But about two years ago Mr. Coyne and his lieutenants in the Bank saw clear evidence that inflationary pressures were assuming dangerous proportions, which called for remedial measures.

In his annual report for the year 1956 he gave chapter and verse for some of these inflationary pressures and explained that they were the results of projects of economic expansion, which all seemed justifiable, useful and potentially profitable, but beyond the capacity of Canada's resources in manpower and materials to accomplish at the same time. And he also gave this admirable summary of the consequences of inflation.

"The evils of inflation," he wrote, "need no elaboration. Its effect is to restrict personal consumption, at a time when more goods and services are being used for capital investment or war or governmental deficits or for the creation of an export surplus than can be provided by voluntary saving, i.e., voluntary abstention from consumption, from the spending of income. Inflation forcibly restricts consumption by exacting the greatest sacrifice from those least able to bear it. It sets up many social and economic stresses and it feeds on itself — the so-called spiral of inflation of prices and costs."

In the same report Mr. Coyne proclaimed that the prime objective of economic and financial policy in the modern world should be to facilitate economic growth at the highest rate which can be sustained for years at a time without endangering the stability of a country's currency or raising its cost of living to intolerable levels and that a hectic attempt to expand too fast is inconsistent with these objectives and is also self-defeating, because it is bound to end in a depression or recession, which calls at least a temporary halt to expansion.

Accordingly Mr. Coyne decided that the time had come to check the hectic expansion of the Canadian economy, which was in progress, and that the best instrument for this purpose was a restriction by the Bank of the supplies of credit. So the Bank raised by gradual degrees the interest rates, which it charges upon its advances to the chartered banks. This rate, which is fixed at one quarter of 1% above the week's average yield for Treasury bills, had fallen to a record low level of 1½% in 1955, when the demand for bank credit was reaching dangerous volume and the Bank proceeded to decree gradual rises in it until it reached a peak figure of 4.33% in August 1957. As the result of the rise in the Bank's interest charge on their loans the chartered banks were compelled to increase the rates of interest, which they charged their customers, and they also reduced their loans from the Bank and had a smaller supply of money available for lending. Faced with a curtailment of credit or heavier interest charges, many firms and individuals revised their plans for expansion or abandoned them temporarily and there

gradually appeared signs that Canada's hectic boom was slowing down.

But, as soon as Mr. Coyne and his associates were satisfied that an effective check had been applied to inflationary pressures and that economic expansion could be resumed with safety, they reversed their policy of "tight money" and began to lower their rate to the chartered banks by instalments. On March 6 this rate was 2.91%, which was 33 points below the figure for February 6th, and 104 points below the figure for March 6, 1957. This progressive decline has enabled the banks to expand their credit to customers and reduce their rates of interest. Moreover the Bank began its retreat from its policy of "tight money" several months before the Federal Reserve bank of the United States made a similar move. Accordingly the charge that Mr. Coyne is a purblind devotee of a policy of "tight money" will not hold water.

After Mr. Fleming took office as Minister of Finance, he denied explicitly that there was discordance in his relations with Mr. Coyne. But Mr. Coyne, evidently nettled by the charges of his political critics, felt it necessary to answer them in his annual report for the year 1957 just published. In it he declared that there never was a "tight money" policy and that throughout the period under argument "the supply of money increased and the velocity of circulation rose substantially". He also argued that the present recession, as far as domestic factors were concerned, was caused "by the degree of inflation and excessive expansion, which occurred despite a sound money policy."

This direct challenge to the thesis of the Progressive-Conservative party about "tight money" irritated Mr. Fleming so much that he took the unprecedented step of denying its validity and administering a rebuke to the Governor in a lengthy statement. He accused Mr. Coyne of placing his own interpretation upon the expression "tight money policy" and, declared that it was at variance with the meaning commonly attached to the expression. He said that small business men, farmers, provincial and municipal authorities had learnt by grim experience how tight money was until the Progressive Conservative Government, believing in a sound monetary policy, had made a move to establish it by "an easing of the tight money condition".

Here is a headlong clash between the Minister of finance and the Governor of the Bank of Canada and obviously Mr. Fleming does not find Mr. Coyne a congenial co-operator in the management of the country's financial policy. But the obstacles to the elimination of Mr. Coyne are very formidable.

His appointment as Governor is for a statutory term of seven years, which does not expire until 1962. So he could only be removed from office by an amendment of the Act which established the Bank of Canada and such a measure would meet short shrift at the hands of the Liberal majority in the Senate, which cannot be wiped out by the normal operations of mortality before 1962. Meanwhile, however, Mr. Fleming in the course of his numerous dealings with Mr. Coyne has probably acquired a truer appreciation of his qualities and of the motives which induced him to clamp down upon the expansion of credit. And now that the clamps have been removed, he is probably quite pleased to have such an efficient co-operator as Mr. Coyne for the careful guidance of our financial and monetary policies.

Labrador

CONTINUED FROM PAGE 7

the City of London. They represented just about every kind of knowhow, financial, mining, pulp and paper, and industrial, that could be of use to Newfoundland.

Seven were in from the beginning:

N. M. Rothschild and Sons, Anglo-American Corporation of South Africa, Anglo-Newfoundland Development Co., Bowater Corporation of North America, English Electric Co., Frobisher, and Rio Tinto.

A year later 22 more were included as founder members (and entitled, therefore, to 10 votes for each of their new shares):

What had Smallwood to offer? He had 91,000 square miles of mineral rights uncommitted. But the most promising parts of Newfoundland were gone, the iron ore belt of the Labrador trough was gone, and the only really promising part in the rest of Labrador was held by American Metal.

Smallwood had water power rights in half of Newfoundland and the whole of Labrador. These included the fabulous Hamilton Falls in Labrador, thought to have a potential of 3,000,000 to 4,000,000 h.p. But they were remote and had already been rejected by aluminum interests. It was reckoned that to survey them fully would take five years and cost $5,000,000.

Finally, Smallwood had two stands of black spruce covering 1,500 square miles on Lake Melville and Grand Lake in Labrador. This would be valuable when it could be marketed, but was not big enough to support a pulp mill on its own.

The agreement between Smallwood and Rothschilds did not give Brinco all the rights that were available. It gave them the water power rights and the pulpwood. But for mineral prospecting they were given two seasons to select 50,000 square miles from the 71,000 available in Labrador, and 10,000 from the 20,000 available in Newfoundland. This meant a crash programme to have a quick look at parts of the country that had never been surveyed.

The Brinco geological teams have since been steadily exploring selected pieces here and there. They are cautious about discoveries. Occurrences of copper, lead, zinc, magnetite, ilmenite (ore of titanium), nickel, asbestos and limestone have been discovered, but none so far have been reported as existing in commercially attractive quantities. The most promising discovery has been a rich uranium ore body near Kaipokak Bay. This is important because the ore contains an average of 20 pounds U_3O_2 a ton—compared with 2.5 pounds a ton average in the Blind River mines. Brinco's exploring subsidiary, British Newfoundland Exploration (Brinex) is now driving an adit to intersect the ore body and are thus engaged on the first underground mining operation in Labrador.

Brinco and Brinex spent $1,092,804 on mineral exploration up to March 31, 1957, and had an exploration budget of $500,000 this year.

Most money, though, has been spent on surveying Hamilton Falls, Brinco at first considered this was a project that could wait. But for political and other reasons it decided in 1954 to go ahead with a survey. The area is uninhabited and little changed since the end of the last glacial age. The Hamilton pours off the plateau and drops over 1,000 feet in 16 miles. The logistics of moving a survey force of 200 into this area and maintaining it there were considerable. Planes and helicopters were used and in one year a reasonably reliable survey was ready, while in another season the two firms — the Shawinigan and the Montreal Engineering companies—had completed all necessary field work to draw up a complete scheme to harness the falls. The cost was $2¼ million and the job was done in two years, instead of the five years and $5,000,000 that had originally been expected.

When the scheme is built—and complete —the falls as such will virtually disappear and the great torrent of water will be led through a series of lakes into a power house deep underground, 16 miles below the falls. Installed capacity will be not less than 4,000,000 h.p., and further down the river there is another 2,000,000 h.p. available. At present rates for bulk horsepower this could produce a revenue one day of around $160,000,000 a year.

The engineers have said of the scheme: ". . . as a result of the high head, the turbines and generators will be comparatively modest in dimensions and cost, although larger in output than any now in existence . . . . the development will be one of the largest single hydro-electric projects in the world . . . . once initial development has been completed, the cost of each additional stage will be exceedingly low."

There is no difficulty nowadays in lead-

ing this power off to where it may be needed, even across the St. Lawrence. So, one day it will surely be used. Brinco have surveyed the world for potential customers. The 1,000,000 h.p. starter load they would like is a typical aluminum load. Aluminum is being over-produced right now, but it is nonetheless expected that a new round of expansion will be needed in the early 60s. Brinco can wait. Meanwhile having spent $2¼ million on the survey, they have spent another $1¼ million on an access road so that when power is wanted work can start at once. At the moment, there is a possibility of a small development of 100,000 h.p. for iron ore mines in Labrador.

Another power project has been surveyed at Baie d'Espoir, on the south coast of Newfoundland, which will provide up to 350,000 h.p. in a pleasant area with an ice-free port. An industrial customer for any part of this power would provide Brinco with its first revenue and also give a real push to the economy of Newfoundland's south coast.

The spruce forest has been surveyed. It is particularly dense and should in time be valuable. The possibility of Crown Zellerbach opening another mill in Newfoundand or Labrador has a bearing on marketing, for this company's concessions on the southeast corner of Labrador, Brinco's spruce, and the Newfoundland and Labrador Corporation's concessions to the west together provide ample forest resources to support a very big mill.

One thing should be clear by now: if Brinco is a get-rich scheme, it isn't a get-rich-quick scheme. None of the founder shareholders expected it would be. They took just over 3,000,000 founders shares at $1 each and 1,500,000 common shares were sold at the same price in the early stages. An issue of 2,000,000 common shares was sold in February 1956 at $3 each. They were not underwritten and were not offered to the public, yet were heavily oversubscribed. They went to a few insiders. Brinco has thus raised about $10½ million, and had spent about $7 million up to last November. This left about $3½ million working capital, so there is not likely to be another issue for some time.

Meanwhile there has been some changes in the stockholding. After the 1956 issue there were only 150 shareholders, but now there are about 400. This suggests that some holdings have been broken down. One or two stockbrokers are trying to make a little market in the shares—Brinco declares there is no early intention of seeking to have them listed on any stock exchange—and a recent quotation was $4½-$5½ offered.

I don't think the old guard at Brinco are too happy about this expansion in the shareholder list. At any rate, they hope nobody is buying who is in a hurry for results. Their eyes are set much more on the distant horizons. And there's a certain feeling, too, of sharing in the making of history. Which is not surprising when you consider some of the names in that founder's list—Rothschilds, for instance, who financed Disraeli's purchase of the Suez Canal shares, and the British South Africa Company which actually governed the Rhodesias until after the First World War.

With that background, the statement made in a corporation memorandum to the U.K. Treasury and the Bank of England doesn't appear in the least sententious. "It was felt," the memorandum said, "that here was a challenge to British industry and enterprise which, if accepted, might in the years to come prove of inestimable benefit and advantage to the whole British Commonwealth."

Money or Brains?

CONTINUED FROM PAGE 11

act as if the schools were the experts', and the fullness thereof, the buildings and they that dwell therein, and as if the business of the ordinary citizen were simply to listen, and pay, in respectful silence. But "democracy" means "the rule of the people". So *we*, the people, have a perfect right to how *we* think *our* schools and universities should spend *our* money to teach *our* children and to shape the future of *our* country.

The experts are, or ought to be, our servants, not our masters. We need them. We ought to listen to them most attentively and respectfully; provided, of course, that they are talking about the things they really are experts in, and provided they are real experts, not fakes. An expert in school administration, or on *how* to teach, is not necessarily an expert on *what* to teach.

How can you tell a fake? There is one test that will show up most of them: the ability to speak and write plain English. Anyone in English-speaking Canada who cannot say what he has to say in clear, grammatical English almost certainly has nothing to say that is worth hearing.

Another reason why we lack nerve and backbone is our uncritical worship, or lazy copying, of things American. The worst of it is that we so often seem to take over the silliest things in American education, and just when the Americans themselves have come to realize how silly they are.

We copy their text-books. My children, in two Ottawa public schools, have been subjected to a series of spelling text-books known as "The Pupil's Own Vocabulary Spellers". What "pupil"? An American. These books are based on an actual count of words used by pupils in a school or schools in an American town. Part of the contents is a series of little stories about, among other subjects, history and government. Canadian history and government are essentially the diametric opposite of American. But no glimmering of this has ever touched the ingenuous Canadians who "revised" these spellers. It did occur, even to them, that they could hardly just put in the stories without changing anything. So, confronted by "democracy" as illustrated by the powers of American state legislatures, they simply struck out "state" and put in "provincial". The only trouble is that all the things the original book says American state legislatures cannot do our provincial legislatures can do, and have done, repeatedly! (Even when the "revisers" undertook something a little more original, on Durham's Report, Confederation, and other high moments of Canadian history, they got practically all their facts wrong.) This, no doubt, is "educating for democracy".

Those spellers are Exhibit A. One of them contains, by actual count, more than 60 words of three letters: "mop", "hop", "bug", "jug", and so forth. It also includes a list of "demon" words, supposed to be particularly hard to spell. Two of them are "I" and "am". I simply refuse to believe that a normal, average, English-speaking child 10 years old really needs to be taught how to spell "hop" and "mop", or really finds "I" and "am" tough words.

One of the stories says the Speaker of the House of Commons is "a sort of manager" of that body. Another says the CNR has several "helpers", one of them being "Trans-Canada Airways" (sic). The learned authors, and the Canadian revisers, of this tomfoolery, are always talking about "rich experiences". Is "subsidiaries" too rich an experience for a 12-year-old? And what average child of 10 or 11 is going to get any experience but a yawn out of being told to learn "hop" and "mop"?

We are told that the children "lack motivation". Who wouldn't, fed on this gruel? The children need something they can get their teeth into, something solid, something to build mental bone and muscle.

I know what the "experts" will say.

First, that I haven't given enough evidence. Who could, in 2,000 words? I have plenty. Besides, Dr. Neatby gave them a bookful, and the response was "a vast pile of angry nonsense".

Second, that rattling old bogey that destructive criticism is wicked. It is not. It is not enough. But it is very necessary. The prophet Jeremiah knew that: "To pluck up, and to break down, and to throw down, and to destroy; . . . to build and to plant." You cannot start building or planting till you have cleared the ground.

Third, that I am stirring up controversy. I hope so. For controversy is the method by which we are governed, and the lifeblood of free institutions.

Editorials

The Light Fantastic

A 14-YEAR-OLD boy in Belleville, Ontario, was punished because he refused to take part in folk dancing at the public school he attended. Seventeen other Grade 8 students agreed with him, but he and the others had to take the lessons because they were part of the curriculum. His objection was that the children looked silly going through the dance routines.

Our sympathies are entirely with the boy.

Folk dancing is all very well in its place, but its place is not in the school curriculum. Children in their early teens will learn to dance in their own way. If the aim is to improve their muscular coordination, this is better done in the physical training periods. Otherwise, their time is better spent in learning to use their brains.

Folk dancing is the delight of frustrated virgins of both sexes, who look just as silly as the teen-agers tripping and gallumphing through the routines. That it should be a compulsory subject in schools is a tribute to the influence that such desiccated characters exert on our system of education.

Let's Stay Home

CANADA has regained the world amateur hockey championship, and our national pride is safe for another year. The job was accomplished by the Whitby Dunlops, a good team driven to its goal by a furiously dedicated manager, Wren Blair. It was done convincingly, even though for half of the final and decisive game of the tournament the Dunnies played their worst hockey of the winter.

The course of that game against the Russian team should give Canadians a lot to think about. The Dunlops were so tense that it took them more than a period of play to get rid of their jitters. And they were tense because they knew that they were engaged in far more than a game of hockey. They were symbols in a contest between ideologies, guardians of a sort of simple-minded national pride, even diplomats (according to many writers and commentators who should know better) expected to carry banners of international goodwill wherever they went.

Playing under Canadian rules and conditions in a tournament that was strictly a sports contest and nothing else, the Dunlops would outclass the Russian team, or any other team outside North America. But the so-called world amateur tournament is not properly a sports event. Apart from its political undertones, it is, for Canadians, a contest played under alien conditions with strange rules applied by incompetent officials. Canada is better out of it, and the Dunlops should be the last entry from Canada.

The Starving Tiger

IN THE MIDDLE of the most severe slump suffered by the Canadian economy in nearly 20 years, living costs were at a peak. Goods were not in short supply, but rather there was over-production — a condition that in classic economic terms should result in falling prices. But prices generally have not fallen; in many instances, they have gone up.

Why this seeming paradox?

The answer lies in the fixed costs of production. If a manufacturer cannot lower his cost per unit, obviously he cannot lower his prices, without endangering the financial health of his business. He can improve his productive methods, but this generally means a greater investment in tools, machinery, buildings, research, and so on; he cannot undertake such improvement if he cannot earn the necessary profit, and he cannot benefit from it and pass along the benefit to the consumer if his saving is absorbed by some other factor in the cost formula.

The single most important cost factor in the production of most manufactured goods is labor. As long as labor costs keep increasing faster than the worker's productivity, prices must inevitably stay high or climb higher.

But many powerful labor leaders would have us believe that the slump can be ended by "increasing purchasing power" — that is, by pushing labor costs still higher. This, of course, is a recipe for more unemployment. Push up wages and you push up prices and cut down sales. Fewer sales, fewer jobs—it's as simple as that.

The labor leaders are intelligent men. They understand these simple facts of economic life. But they owe their power to their ability to get something more for their members each year; they have lacked the courage to tell their followers what that something more means in terms of costs, prices and jobs. They are riding a tiger, and seem determined to stay on its back even though it starves to death.

Danger Above

THERE HAVE been instances recently of nuclear bombs dropping accidentally from the aircraft carrying them. The bombs have not exploded, and there have been assurances that no explosions will occur because the bombs are not armed.

The assurances are not enough. While it is true that the large bombs carried by big aircraft are not cocked during practice flights (and some of these flights take place over Canada), there is reason to believe that smaller bombs carried by aircraft of fighter or fighter-bomber types cannot be made "safe" because they must be armed on the ground before take-off.

Canada's Defence Minister must assure Canadians that aircraft carrying these weapons are confined to air space away from built-up areas. Otherwise, inevitably, there is going to be a disaster.

Forgotten History

WHEN CANADIANS talk about culture, they seem to be thinking generally about such activities as ballet, opera, obscure writing and even more obscure painting — imported art forms, exotic growths induced to flourish in our harsher cultural climate only by the application of frequent mulches of dollars.

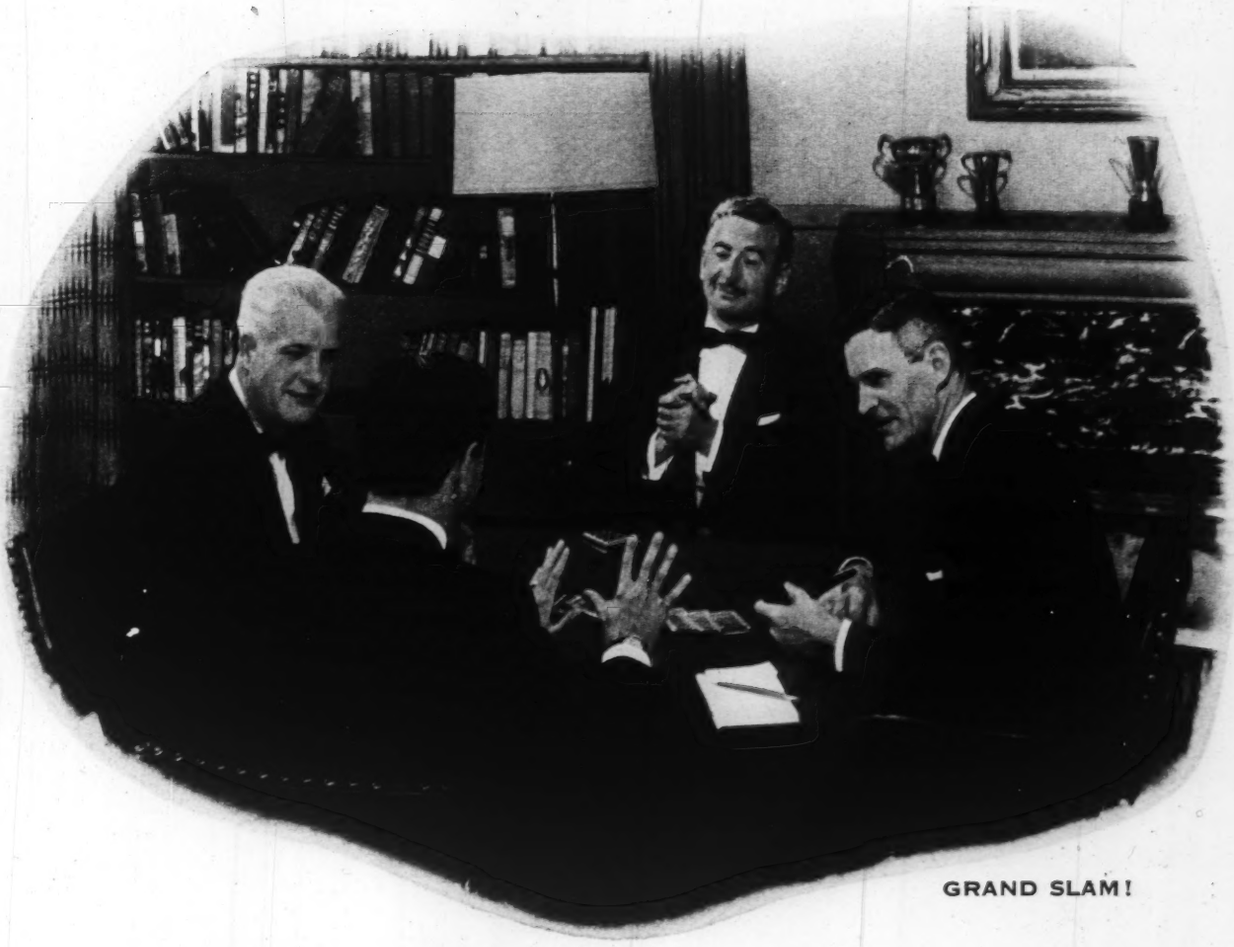
Now this is not in itself a bad thing. We must import ideas as well as machinery if we are not to lead sterile, unproductive lives. But it is bad if at the same time we neglect our native cultural growths, in particular our history. Canada's past may be brief, but it is rich. When we forget it, we become nobodies, shabbily dressed in bits of borrowed material.

All too often, we forget. From coast to coast, the precious relics of this nation's past are being destroyed or permitted to decay. It is a national shame.

ANSWER TO PUZZLER

Peg, 10; Pam, 12; Pete, 28.

Time for an IMPERIAL *Toast*



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